



## CULINARY CONNECTION

# USING CULINARY TO INCREASE YOUR REVENUE STREAM

BY KRISTIN KLINEFELTER, MS, RDN, LDN



*"The dining room was bright and sunny. Every table was clean and had comfortable seating. I was immediately greeted when I walked up to the service line, and the food was beautifully displayed in front of me for ease of ordering. They had a variety of beverage options, and the bonus was the price at the end of the line! I'm 100 percent certain that I could not get this tasty meal anywhere else in town. The excellent prices were just a bonus."*

— Jo, age 43

### WOULDN'T IT FEEL GREAT AS A FOODSERVICE

**DIRECTOR** to see this 5-star review about your operation? If your department was listed as a business on the Internet, this is very possible! You might have assumed that this review was about a restaurant, but what if it was about a hospital cafeteria? Your culinary offerings have the potential to increase revenue to help the bottom line in your department. If you are looking for ways to stay on budget and increase profitability, look no further than your current menu.

According to the U.S. Department of Agriculture and the Farm Bureau, Americans spent an average of \$3,639 eating away from home in 2022. Another shocking statistic from them: in 2022, spending food dollars away from home was over \$300 million more than in 2021. People clearly are willing to purchase their food prepared and ready to eat. Why not have them spend some of those dollars in your facility?

As you know, your monthly budget and financial report is a game of numbers with fine margins. If you hire new staff and they spend time training, your labor percentage or dollars increase to over budget. When you order a substitute

product that is 25 percent higher in price, your cost of goods sold or percentage of food cost increases.

One of the most straightforward ways to reduce food and labor percentage is to increase sales. For example, if you currently are selling \$900 worth of employee meals at lunch daily, and you add a dinner option, you could increase your sales by more than 25 percent. What if you looked outside of your four walls to boost community sales? How about taking advantage of the skilled workforce you employ to create craveable meals that people line up to purchase? Read on to brainstorm ways to increase your revenue stream using the Four Ps of marketing: product, price, place, and promotion.

### PRODUCT

All foodservice tasks start with the menu. If you are looking to increase revenue in your department, begin with your current menu. Are there menu items that are fan favorites? Start by exploring the option of scaling these items for purchase inside and outside of your facility. For example, can you offer an employee meal or take-out option with the daily entree? Are there other businesses or residential neighborhoods nearby that could produce patrons for your cafeteria?



Other menu ideas to elevate your business:

- **Specialty bars.** Purchase small equipment like mini-waffle makers or panini presses to create a specialty flavor of the day for novel items.
- **Special occasion sweets.** Offer presale on desserts for special days. You can mark up prices significantly as most people are happy to purchase baked goods. Think outside the box on what may be considered a special occasion. For example: sell pies on “Pi Day” (March 14 or 3.14), sugar cookies on May Day, or French Silk Pie on Valentine’s Day. Imagine being an exhausted employee and being able to bring home a fancy cake from work for your spouse’s birthday!
- **Catering services.** Start with low-hanging fruits like your hospital board who meets monthly down the hall, or team meetings and in-services. If you are catering outside of the

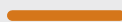
### PRICING STRATEGY EXAMPLE USING 75% MARK-UP:

Picnic Meal for 35 people

Raw Food + Paper Cost:  
\$152.60

Labor Dollars to Produce:  
\$180.43

Food Cost + Labor Cost =  
\$333.03 x 1.75 = \$582.80  
(\$16.65 per person)



building, ensure you are licensed for catering. To save on costs and liability, consider catering for pick-up only or contracting with a third-party delivery service (like Uber Eats or DoorDash).

- **Family meals to-go.** Back to those exhausted healthcare workers... people absolutely love being able to bring scratch-cooked meals home from work. You can bundle the day’s menu in family-sized servings, ready to pick-up at the time they punch out.
- **Self-service bars.** Salad, soup, sandwiches, ice cream, and beverage bars are potential labor savers and can be profit-driven. Price per gram or ounce.
- **Secret shopper.** Go to your favorite restaurants and coffee shops. What menu items do you like? What menu categories would be easy to implement in your foodservice operation?



## REFERENCES

Scan QR code to view the list of resources for this article.

- **Poll the people.** Create a simple survey for people to request meals they would like to purchase. Creating a Google form with a link or QR code is fairly simple (asking a Gen Z employee may be necessary, but they will love this opportunity).

Please note that if you are considering offering retail food sales for the first time, proper licensing and planning will take effort. Laws and regulations vary.

### PRICE

Price your meals to make a profit! Ensure that your efforts are cost effective and profitability is your motivation for most decisions. Also consider the added paper and supply costs for to-go meals.

Pricing strategies can be based on food and production costs, plus a standard percentage mark-up. Pricing mark-up best practices may range from 50-75 percent. To calculate this, use ANFP's Professional Practice Standard for Determining Menu Item Prices or set menu mark-up targets with your finance or marketing team. You may also find it valuable to compare data from benchmarking programs, such as ANFP's latest data from 2023. Benchmarking compares business practices to other businesses in a similar category.

Cashless or app payments are common. If you only accept cash payments, price your meals to minimize cash handling and change-making for your employees. Calculate sales tax and consider this when setting prices. For example, if a meal plus tax calculates to \$9.98, adjust the price so it calculates to \$10 even. If you are not set up for retail sales, work with your legal and finance departments to develop a business plan for retail food sales and state and county sales tax returns (after you obtain proper permits and licenses).

Some facilities offer payroll deductions which can be an even bigger bonus for busy, stressed employees. Thinking outside of the box with prepaid meal plans or a "dessert of the month club" could help with cash flow.

If you are overwhelmed by calculating menu prices, most likely "there's an app for that." Your foodservice vendors might have menu profit and marketing tools.

In restaurants, there is a concept called menu engineering that considers two other "Ps": popularity and profitability (flipdish.com). You may consider learning more about this in your revenue-increasing journey.

### PLACE

This is the good news when it comes to mimicking retail or restaurant sales revenues: you already have the place! You have a commercial kitchen and possibly a dining room available to produce and serve fresh food for profit. Are there areas of your facility where you can offer curbside pick-up? How about spaces that can be used for cafe seating or a coffee cart? Again, if you are offering retail food sales for the first time, go through the proper licensing and inspection protocols per your county and state regulations.

### PROMOTION

Most likely, you do not have extra time in your day to promote or market your services. Rely on your facility's marketing or recruitment departments. If you have a gift shop that is staffed by volunteers, they may be an excellent resource for you. Your marketing department can create simple advertising and ordering materials. You may also have a board of directors or foundation that employs a graphic design team or marketing group. Your expertise is in the food and labor department, so collaborating with other experts will be necessary to have a successful revenue-building project.

### SUMMARY

We have explored ideas to increase your revenue using the 4 Ps of marketing. By starting with your current menu offerings, you can slowly expand your revenue stream for your facility. Perhaps profits will be practically and perfectly prosperous! **E**



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Kristin Klinefelter has worked in food service across the entire flow of food. From growing up in a farming family, to working with distribution centers and health and retail food service, she loves processes that improve the flow of food with the end result of feeding healthy food to people of all ages.

## CE QUESTIONS | CULINARY CONNECTION



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This **Level II BUSINESS OPERATIONS** article assumes that the reader has a thorough knowledge of the topic. The desired outcome is to facilitate application of knowledge into practice by drawing connections among ideas and using information in new situations.

Reading *Using Culinary to Increase Your Revenue Stream* and successfully completing these questions online in the ANFP Marketplace has been approved for 1 hour of continuing education for CDM, CFPPs. To earn 1 CE hour, visit [www.ANFPonline.org/market](http://www.ANFPonline.org/market) and select **Edge CE Articles** within the Publications section. Purchase the article and complete the quiz.

- \_\_\_\_\_ compares business practices to other businesses in a similar category.
  - Benchmarking
  - Comp analysis
  - Best practices
- How much did the average American spend on eating away from home in 2022?
  - \$5,342
  - \$3,639
  - \$1,298
- The best place to start when looking at increasing your revenue stream is:
  - Your biggest competitor
  - The latest trend online
  - Your current menu
- What are the 4 Ps of marketing?
  - Price, profitability, people, placement
  - Product, price, place, promotion
  - Prosperity, practicality, profits, product
- What is the minimum mark-up percentage you should price a product at?
  - 25 percent
  - 50 percent
  - 75 percent
- What steps should you take when setting up a new retail business?
  - Complete a business plan
  - Obtain proper licenses
  - Both A and B
- Which concept might be the most profitable?
  - Selling “to-go” meals from today’s lunch menu
  - Purchasing a brick oven pizza maker and doing build-your-own pizzas every Saturday
  - Delivering individual meals at a discount
- Who can partner with you for marketing your new offerings?
  - The marketing department in your facility
  - The volunteers at the gift shop
  - Both A and B



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