



# Running a profitable healthy school canteen

## summary booklet

### Learning Objectives

At the end of this workshop, participants should be able to:

1. Describe the principles of profitability and its key drivers
2. Apply the principles to their canteen operations
3. Determine sale prices with reference to expenses
4. Recognise the importance of best practices and keeping records
5. Use basic records to operate a viable canteen

### Contents:

1. Profit and key drivers
2. Revenue
3. Recipe costing
4. Setting the sale price
5. Sales volume
6. Expenses
7. Record keeping

this booklet contains a summary of the workshop. We recommend taking additional notes as the content is presented and have included an extra page at the back for your convenience.



# 1. Profit and key drivers

## WHAT IS PROFIT?

$$\text{Profit} = \text{Revenue} - \text{Expenses}$$

In other words,

Revenue is the INCOMINGS of the canteen

Expenses are the OUTGOINGS

THE DIFFERENCE IS YOUR PROFIT



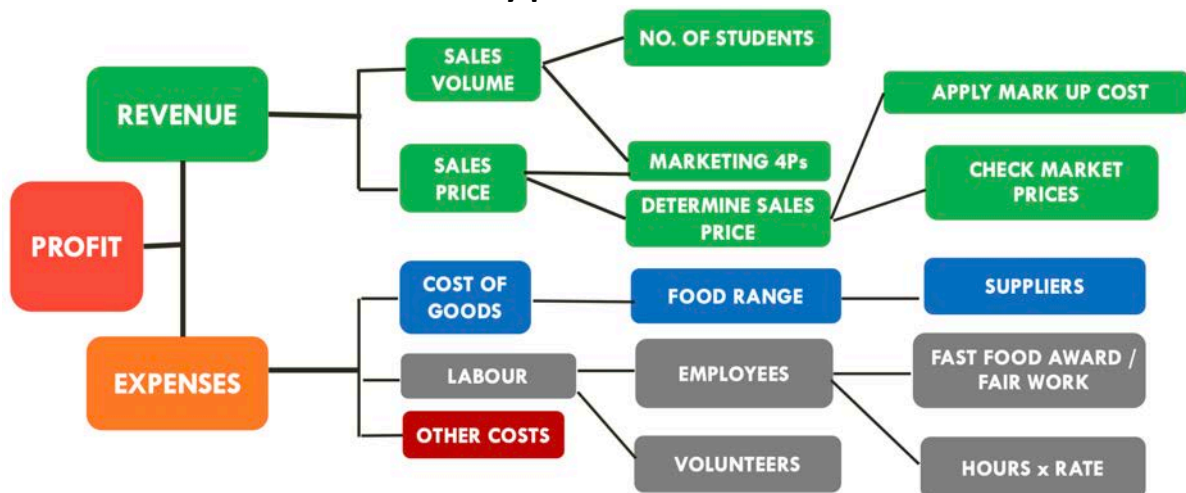
REVENUE is driven by:

- Sales prices
- Sales volume which is the number of meals, snacks, drinks etc. you sell

EXPENSES can be grouped in to 3

1. Cost of goods: This includes food and packaging
2. Labour: Wages for paid staff
3. Other costs: Includes utility costs (e.g. electricity), transaction costs (e.g. banking fees), wastage

### Key profit drivers

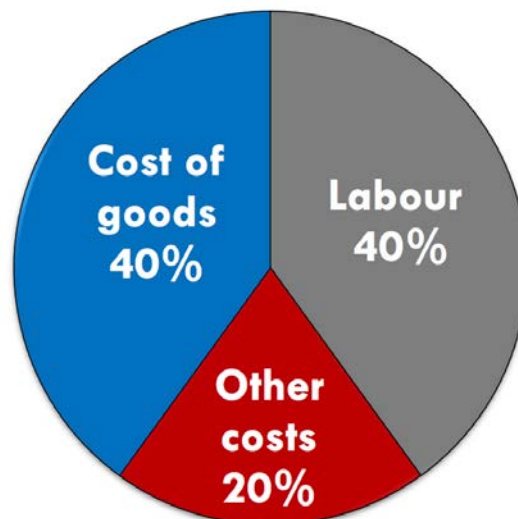


Everything ultimately has an influence on the bottom line.

## 2. Revenue

What should revenue cover? How much revenue should go towards covering the various types of costs?

The ranges below are a rule of thumb for a typical business that has paid staff.



The pie means that of the total revenue a business earns, it would be good to have

- 35-40% covering the cost of goods
- 35-40% covering wages of paid staff
- 20% to cover other costs (e.g. utilities, transaction costs, wastage) and 'earn a profit' in the form of contributions back to the school. For P&C run canteen, this could mean funds going to the P&C or lease payments to the school for leased canteens

### What about volunteer run canteens which do not have labour costs?

That portion of the revenue that would be used cover labour costs could:

- Go into cost of goods i.e. there is more flexibility and freedom with what and how much to spend money on
- Subsidise menu prices
- Be put back to the school in the form of contributions such as those mentioned above

## WHAT DRIVES REVENUE - SALES PRICE

### HOW TO SET THE SALES PRICE:

Two ways of looking at setting the sales price: **top-down or bottom-up approach**

When setting the sale price, a combination of both approaches can be used.

The bottom-up approach is to set prices is explained in further detail in the following pages.

#### Top-down approach

- This means setting prices based on how much students (customers) are likely to pay for an item.
- You can find this out by doing a bit of 'market research' e.g. look at prices from the local corner shop or other school canteens, look at previous records or menus, or find out from the school through a survey.

#### Bottom-up approach

- This is working out the sales price based on the cost of the item
- Important to know your cost of goods

Example for pre-packaged items:

Bottled water delivered at \$8.88 for 24 bottles in a carton

$\$8.88 \div 24 \text{ bottles}$

= \$0.37 per bottle

What about canteen-made items? How would you know the cost?

Answer: **RECIPE COSTING SHEET**

### 3. Recipe costing

**A recipe costing sheet typically includes (see example on next page):**

1. Ingredients/packaging
2. Quantity of ingredients/packaging
3. Units of ingredients/packaging e.g. kg, litre, etc.
4. Cost per unit (how much it costs per kg, litre, etc.)
5. Total cost of recipe

Once the total cost of the recipe has been calculated, divide the total cost by the number of serves the recipe makes to work out the cost per serve:

E.g. TOTAL COST OF RECIPE FOR FRIED RICE = \$124.90

NUMBER OF SERVES = 90

$\$124.90 \div 90 = \$1.39$  per serve of fried rice

### Why keep recipe costing sheets?

- Consistent ingredients and serve size – for CUSTOMER SATISFACTION and COST CONTROL
- Keeps an accurate cost of each item served
- Help stick to budget
- Minimize wastage
- Provides training and confidence to volunteers

Here's an example of how you can lay out your recipe costing sheet:

**NAME OF RECIPE:**

INGREDIENTS & PACKAGING	QUANTITY	UNIT e.g. kg, litres	COST PER UNIT	TOTAL COST
<b>TOTAL COST OF RECIPE</b>				
<b>NUMBER OF SERVES FROM THIS RECIPE</b>				
<b>COST PER SERVE</b>				

## 4. Setting the sale price\*

\*Using the bottom-up approach

**For canteen made foods:**

Aim for no more than 35-40% food cost

To work out selling price of canteen made foods:

$$\frac{\text{Cost per serve}}{\text{Target \% food cost}} = \text{minimum selling price}$$

To work out selling price of fried rice where food cost is 35-40%

- If aiming for 35% food cost  
 $\$1.39 \div 35\% = \$3.97$ . Round up to **\$ 4.00 minimum sale price** (Margin of \$2.61)
- If aiming for 40% food cost  
 $\$1.39 \div 40\% = \$ 3.48$ . Round up to **\$3.50 minimum sale price** (Margin of \$2.11)

This means...



**For ready-made or pre-packaged items, the MARGIN may be lower likely due to**

- Higher cost of goods
- Less labour needed

**Example: Ready-made sushi roll**

Cost per sushi (COG): \$2.10

Sale price: \$3.50

Margin: \$1.40

Looking at the **sushi (ready-made)** and **fried rice (canteen-made)** side by side:

	<b>Sushi</b>	<b>Fried rice</b>
Cost of goods	\$2.10	\$1.39
Sale price	\$3.50	\$3.50
Food cost % *	60%	40%
Margin	\$1.40	\$2.11

\*We worked this out by:

$$\text{Cost of goods} \div \text{Sale price} \times 100 = \%$$

This shows that sometimes we earn a higher margin on canteen made menu items and a lower margin for ready-made/pre-packaged items.

## 5. Sales volume

### WHAT DRIVES REVENUE - SALES VOLUME

Sales volume is the number of meals, snacks and drinks etc. sold in the canteen.

#### What impacts on sales volume?

- Number of students
  - How many days is the canteen operating? Rule of thumb: 1 day per 100-150 students
- Marketing (4Ps – Product, Price, Place and Promotion) resources
  - *Marketing & Promotion* webpage on the Healthy Kids website  
<https://healthy-kids.com.au/school-canteens/canteen-guidelines/nsw-healthy-school-canteen-strategy/marketing-promotion-with-the-nsw-healthy-school-canteen-strategy/>
  - *Great Choice* posters  
<https://education.nsw.gov.au/student-wellbeing/whole-school-approach/healthy-canteens/promoting-a-healthy-canteen>
  - Canteen Lookbook  
<https://healthy-kids.com.au/wp-content/uploads/2019/06/Canteen-Lookbook.pdf>

## 6. Expenses

***A school canteen is a small food business and as such must be run like any small business.***

### WHAT SHOULD REVENUE COVER:

*Please note when referring to labour cost in this summary at 35-40% this is based on paid employees not volunteer staff.*

In food business generally, labour costs range is around 35%-40% and food costs around 20%-30% leaving the difference for all other costs. The better you control your labour, food costs & other costs the more PROFIT will be made.

### Controlling Expenses

- Labour costs
  - Rosters and timesheets
  
- Cost of goods
  - Budget and plan food costs
  
- Other costs
  - Are utility costs part of your budget?
  - Transaction costs
  - What is causing waste? How can it be minimised?

## 7. Record keeping

Why do we keep records?

1. Smooth and efficient operations
2. Budgeting and planning
3. Best practices for any business

There are 7 basic records (templates provide in the following pages):

1. Roster
2. Timesheet
3. Daily Takings Sheet
4. Daily Records Spreadsheet: Wages & Takings
5. Daily Tally Sheet
6. Stock take Sheet
7. Wastage record





## 1. ROSTER

A good **roster** ensures that each shift has enough employees to keep things running smoothly and efficiently.

<SCHOOL NAME> - CANTEEN ROSTER

WEEK ENDING:

NAME	MON	hours worked	TUES	hours worked	WED	hours worked	THUR	hours worked	FRI	hours worked	TOTAL
	7.30-11.00 11.30-14.30		7.30-11.00 11.30-14.30		7.30-11.00 11.30-14.30		7.30-11.00 11.30-14.30		7.30-11.00 11.30-14.30		
	8.00-11.30 12.00-14.30		8.00-11.30 12.00-14.30		8.00-11.30 12.00-14.30		8.00-11.30 12.00-14.30		8.00-11.30 12.00-14.30		
	8.00-11.30 12.00-14.00		8.00-11.30 12.00-14.00		8.00-11.30 12.00-14.00		8.00-11.30 12.00-14.30		8.00-11.30 12.00-14.30		
	9.30-13.30		9.30-13.30		9.30-13.30		9.30-13.30		9.30-13.30		



## 2. TIMESHEET

An employee **timesheet** is a way of recording and tracking the amount of an employee's time spent working.

### <SCHOOL NAME> CANTEEN STAFF TIMESHEET

**EMPLOYEE NAME:**

**FORTNIGHT ENDING:**

DAY	DATE	START TIME	START UNPAID BREAK	RE START TIME	FINISH TIME	TOTAL HOURS	EMPLOYEE SIGNATURE:
MONDAY							
TUESDAY							
WEDNESDAY							
THURSDAY							
FRIDAY							
							TOTAL FORTNIGHT HOURS:
MONDAY							
TUESDAY							
WEDNESDAY							
THURSDAY							
FRIDAY							
<b>MANAGER'S COMMENTS:</b>							

EXTRA INFORMATION:

Awards – Visit Fair work <https://www.fairwork.gov.au/awards-and-agreements/awards/list-of-awards>



### 3. DAILY TAKINGS SHEET

The **Daily Takings Sheet** is used to record the daily cash & non - cash balance and to help manage finance on a weekly basis.

#### DAILY TAKINGS SHEET

DAY: \_\_\_\_\_

DATE: \_\_\_\_\_

Total Cash Sales	\$
Online Order Sales:	\$
Total Student Sales	\$
Total EFTPOS Sales	\$
Additional Sales (Catering)	\$
Till One & Two	\$
<b>TOTAL SALES OF THE DAY</b>	<b>\$</b>

TILL COUNT One				TILL COUNT Two		
	Notes	Coins			Notes	Coins
\$100				\$100		
\$50				\$50		
\$20				\$20		
\$10				\$10		
\$5				\$5		
<b>Subtotal notes</b>				<b>Subtotal notes</b>		

Counted by:		Counted by:	
Sign:		Sign:	

Classes Away:
Reason:
Comments:



#### 4. DAILY RECORDS SHEET – WAGES & TAKINGS

The Daily Records sheet has information from daily takings and daily labour costs. This record keeping helps manage labour cost (wages) against revenue (takings). Keeping an eye on this to ensure you have control over the business.

MONDAY		TUESDAY		WEDNESDAY		THURSDAY		FRIDAY	
Takings	Wages	Takings	Wages	Takings	Wages	Takings	Wages	Takings	Wages
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Labour %*									

\*Wages / Takings x 100

Example:

MONDAY 4/3/19		TUESDAY 5/3/19		WEDNESDAY 6/3/19		THURSDAY 7/3/19		FRIDAY 8/3/19	
Takings	Wages	Takings	Wages	Takings	Wages	Takings	Wages	Takings	Wages
\$551.00	\$318.45	\$161.10	\$305.45	\$916.00	\$331.44	\$952.00	\$331.34	\$1065.00	\$331.50
Labour %	57%		189%		36%		34%		31%

Total Takings	\$3645.10
Total Wages	\$1618.18
Week Labour %*	44%

\*Total Wages / Total Takings x 100



## 5. DAILY TALLY SHEET

A **tally sheet**, also called a **check sheet**, is used as a form for collecting information from canteen sales through observation and counting.

### WEEK ENDING:

	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
<b>SANDWICHES</b>					
<b>TOASTED SANDWICHES</b>					
<b>SUSHI</b>					
<b>WRAPS</b>					
<b>HOT FOOD</b>					

## 6. STOCKTAKE

**Stocktake** is the physical verification of the quantities and condition of items held in the canteen.

<b>STOCKTAKE</b>				
<b>Term:</b>		<b>Counted</b>		
<b>Date:</b>		<b>By:</b>		
		<b>Grand</b>		
		<b>Total:</b> _____		
<b>FRESH FOODS - IN FRIDGE</b>				
<b>Product</b>	<b>Purchase Unit</b>	<b>Amount in Stock</b>	<b>Unit Cost</b>	<b>Value of Stock</b>
	1 pkt.			\$ 0.00
	1kg			\$ 0.00
			<b>Subtotal:</b>	<b>\$ 0.00</b>
<b>DRINKS</b>				
<b>Product</b>	<b>Purchase Unit</b>	<b>Amount in Stock</b>	<b>Unit Cost</b>	<b>Value of Stock</b>
	1 can			\$ 0.00
	1 popper			\$ 0.00
			<b>Subtotal:</b>	<b>\$ 0.00</b>
<b>CANNED / TINNED FOODS</b>				
<b>Product</b>	<b>Purchase Unit</b>	<b>Amount in Stock</b>	<b>Unit Cost</b>	<b>Value of Stock</b>
	1 tin			\$ 0.00
	1 jar			\$ 0.00
			<b>Subtotal:</b>	<b>\$ 0.00</b>
<b>FROZEN FOODS</b>				
<b>Product</b>	<b>Purchase Unit</b>	<b>Amount in Stock</b>	<b>Unit Cost</b>	<b>Value of Stock</b>
	1 loaf			\$ 0.00
	1kg			\$ 0.00
			<b>Subtotal:</b>	<b>\$ 0.00</b>
<b>PREPACKAGED FOODS AND INGREDIENTS</b>				
<b>Product</b>	<b>Purchase Unit</b>	<b>Amount in Stock</b>	<b>Unit Cost</b>	<b>Value of Stock</b>
	1 bottle			\$ 0.00
	1 kg			\$ 0.00
			<b>Subtotal:</b>	<b>\$ 0.00</b>



## 7. WASTAGE RECORD

**Wastage** records are vital when it comes to tracking your stock.

**TERM:**

**WEEK ENDING:**

All food provided to volunteers, given away, left over, sold at a discount, dropped on the floor, gone off its used by date, or discarded is recorded in this sheet.

DATE	ITEM	REASON FOR WASTAGE	COST OF ITEM	SELL PRICE	STAFF MEMBER

**Notes:**

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