OE RESOURCE REQUEST APPLICATION

University of California, Berkeley

I. SPONSORSHIP

A. Initiative

Initiative	Student Services		
Initiative Manager	Anne De Luca		
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B. Sponsorship

Sponsor Name	Associate Vice Chancellor LeNorman Strong, RSSP	
Sponsor Signature		Date	

Sponsor Name	Associate Vice Chancellor Ron Coley, Business & Admin. Services	
Sponsor Signature		Date	

OE Program Office Signature		Date	

C. Give the title of the resource

Initiating Tools to Reduce Costs for Meal Plans

II. PROBLEM STATEMENT/CASE FOR CHANGE

A. Identify and describe what needs the proposed solution is seeking to address.

To mitigate room and board price increases for residential students through selected investments which improve dining operations efficiency.

B. Describe the solution that is being proposed to meet the identified need(s).

This recommendation is expected to reduce annual spending on food & beverage by approximately $500,000.

Housing and dining costs, as one component of the overall cost of student attendance, has been rising and is becoming a more critical factor in the competition to attract the best students. Cal Dining, a unit of the Division of Student Affairs, Residential and Student Service Programs, has been successful in delivering high quality, convenient, and affordable dining services to Cal Students and the campus community. For the entering freshman class in particular, the combination of dining, housing and

student services designed around their needs help to integrate them into campus life and contribute to an overall positive student experience at Berkeley.

The proposed solution envisions 3 key recommendations as outlined below which will improve dining operations efficiency and help to contain future increases in the housing and dining component of the cost of student attendance at Berkeley:

1. Create a new position within Cal Dining responsible for food & beverage procurement;
2. Acquire and implement an integrated food service information system; and
3. Acquire and implement a food waste management system.

Food & Beverage Procurement Manager

A dedicated food & beverage procurement manager will centralize responsibilities related to our $12.2 million annual food & beverage purchase and:
- Leverage economies of scale to secure best prices and vendor rebates;
- Establish best practice approaches for food & beverage procurement; and
- Allow current dining assistant directors to focus on operational issues.

Dining must create a purchasing manager position within Dining to centralize and standardize dining's purchasing strategy. Currently Dining purchases over 12.2 million dollars in food products making UCB-Dining one of the largest independent food services in the country.

Currently the procurement process resides with our two operation management personnel.

In order to realize efficiencies and economies of scale due to our size it is necessary that purchasing be centralized and standardized. This does not mean that we do the same thing in every dining unit, but allows us to create volume rebate and other monetary incentive programs with manufacturers and distributors and to manage our business relationships. In financial times like these a cohesive purchasing strategy will be an important way Dining may reduce expenditures to pay for other costly aspects of managing a great dining program.

Creation of a purchasing manager position will allow Dining to establish a restaurant style sourcing strategy that optimizes customer satisfaction. This will allow us to maintain high quality food procurement.. This will mean changing our "sole" source distributor to a "prime" source distributor for the majority of our food products. Prime vendor relationships have become the norm while sole sourcing is almost non-existent in today's food services. Using a prime vendor relationship will allow us to buy most of our daily food items at the same cost as a sole source would provide while allowing us to procure a range of other food products that meets the needs of our customer. For instance the Bay area has a wide range of ethnic food distributors that would allow Dining to create menu items that have a more authentic ethnic cuisine flavor profile.

Constant monitoring of the food products we purchase will ensure that quantity, quality, pricing, rebates and service are at their utmost. Pursuing a procurement practice that takes into account our market research, management knowledge and trends will create Dining's purchasing approach to serving the needs of our various dining establishments and our customer.

An important aspect of any food service is to manage the business relationship with vendors.

This could be contractual, distribution related, product quality and quantity related or part of a promotional program. A dedicated manager that tracks our purchases and monitors invoice related situations is enormously important. Dining purchases over 12.2 million dollars a year of various

products and must have a strategy that ensures product quantity and quality standards are met daily. During this process I will explore the centralization of invoice entry for both FoodPro and accounts payable.

Product movement or what we buy and sell will need a constant monitoring system to ensure that we measure our effectiveness in regards to procurement and cost relief. Rebates, GPO and other incentives are available. It is my experience that many monetary incentives are available if you ask. This might seem easy, but it takes a continual amount of meetings, partnering and relationship building.

A large portion of a purchasing role is contract management in conjunction with the RSSP buyer. Dining must manage all dining contracts to ensure compliance in an auditable fashion. Having this responsibility will maximize the effects of our relationships. For instance, in regards to our Coke relationship there is no one currently in dining that is an expert on most aspects of the contract who has the responsibility to monitor the effectiveness of the Coke/Dining relationship and discuss opportunities with management. This purchasing manager must:

Measure buying and selling power
Understand the new food service supply chain environment
Change buying and selling processes, Ensure commitment to contract change management
Develop an integrated supply chain
Apply best practices from other NACUFS schools
Create successful partnerships

Maintain business contract practices, University, RSSP and state of CA.
Conduct oversight of planning
Ensure contract opportunity evaluation and risk management
Verify contract visibility management and status
Support timely corrective actions

Dining's purchasing manager also will create a "buyers circle" where management, students and other customers may review products that dining is considering. This could be a part of an overall dining committee or a sub-committee.

Integrated Food Service Information System
An integrated food service information system will manage all aspects of dining operations and provide timely, actionable data and reports to support management decision making. Specifically, this system will help anticipate and meet student dining needs through improved menu design and inventory management, optimized staffing levels and targeted hours of operations.   The ability to provide feedback based on timely data and analysis will inform and support new dining items as student food tastes change over time.

Benefits
1. Reduce room and board expenses that may reduce need for room/board price increases.
2. The current dining IT system:(menu management, point of sale, scanning, reporting) need to be enhanced and better integrated or replaced
3. Current operational data is not timely or actionable

Integrated food service menu management and POS system:

- *Activities*
- *Analytics*
- *Invoice and Document Management*
- *Inventory & Procurement*
- *Point-of-Sale (POS)*
- *Self-Service*
- *Guest activity monitor*
- *Labor Management*

Food Waste Management System

Food waste is one of the most expensive hidden costs in any restaurant and food service operation. About 4-10% of food purchased in high-volume food service operation is discarded as waste before ever reaching a customer's plate. Food waste management/prevention is therefore a core component and the simplest means to control food costs while maintaining food quality. Tracking systems exist to manage food waste from food procurement, storage, trimmings, preparation, service, waste/spoilage and expiration. The ability to track and quantify food waste will not only help keep meals affordable for students and support sustainable energy practices but it will also represent a significant opportunity to enhance efficiency and save resources. By reducing food waste at the source, we will both decrease the total amount spent on food and the costs associated with sending these waste to composting facilities and to the landfill.

Benefits
1. Reduces room and board expenses that may reduce need for room/board price increases.-May reduce all you can eat dining waste by 1% to 3%. Current expense is 6.8M.
2. Tracks and identifies problematic areas or source of waste to allow unit managers to develop measures and solutions to reduce waste and subsequently reduce food costs.
3. Creates accountability tools for operational unit managers and their represented food production staff to proactively reduce post-consumer waste; such a reviewing production and handling practices as well as better portion control.
4. May reduce refuse and recycling by at least 1-2%
5. Current waste in all you can eat dining is not measured or managed effectively due to lack of data.

C. Describe the alternate approaches you evaluated in the process of developing this proposal and why those alternatives were not selected.

Procurement-
Outsourcing dining-Chancellor decided to table this strategy. Also, in review of financial metrics with other similar outsourced dining programs (UC-Davis being the most similar) proved that outsourced food services in the UC system cost an average of $500 more per resident student than Cal dining's current expense structure.

Dining IT System-
This will be a bid process to review current products in the marketplace. We may well pursue a combined strategy of enhances and integration with current technology

Food Waste-
Only one vendor provides this type of low cost solution to waste management.

III. IMPACT AND STRATEGIC ALIGNMENT

A. Describe how the proposed solution aligns with the OE goals:
- Reduce administrative costs and enable the campus to direct more resources to teaching and research
- Advance an effective and efficient operating environment
- Instill a culture of continuous improvement that leads to high quality performance and outcomes

Food & Beverage Manager
- Creates a more effective and efficient procurement best practice that reduces costs associated with a $12.2M food buy
- Reduces the total expense cost of the Cal Dining operational cost of goods sold resulting in lower residential board costs for resident students
- May create new revenue or cost savings means by management's ability to focus on operational effectiveness and efficiency

Dining IT
- Reduces costs associated with a dining operations that will eventually lead to lower dining expenses translating into reduced annual price adjustments to room/board.
- Increases dining effectiveness and efficiency related to operational management time spent on tasks versus customer service and the enhancement of our living/learning environments in the dining halls and retail operations.
- Provides high level report functions that will provide dining management timely and actionable data to decrease the time from knowledge of a possible budget shortfall and mitigates that shortfall

Food Waste Management System
- Reduces costs associated with dining operations that will eventually lead to lower dining expenses, translating into reduced annual price adjustments to room/board.
- Increases dining productivity and productiveness related to effective operational management of managing represented production staff and their behaviors.
- Increases accountability measures for the management staff to hold unit manager, chef and represented staff responsible for their food expenses.
- Provides high level report functions that will provide dining management timely and actionable data to decrease the time from knowledge of a possible budget shortfall to mitigating that shortfall.

B. Identify any other anticipated benefits in implementing the proposed solution.

Procurement
1. Allows our operations management to focus on operations rather than administering food procurement.

Dining IT
1. Increase dining management's interaction with customers
2. Reduces management opportunity cost. Increases dining management's time for managing an effective and efficient workforce and operation.

Food Waste Management System

1. New work rules for represented production staff could result.
2. Will yield water, energy savings and labor time spent in pre-consumer and post-consumer handling procedures.
3. Will provide significant environmental benefits and social impact in our community.

C. Identify the risks of not implementing the solution.

Procurement
  1. Continued lack of focus on procurement with commensurate higher food costs
  2. Continued distraction from focus on operations
  3. Continued higher cost of operating a residential board plan and impact on student cost of attendance

Dining IT
1. Continued lack of actionable data.
2. Continued high amount of inventory shrink
3. Continued perceived inefficiency

Food Waste Management System
    1. Continued waste of unnecessary costs on food purchases, labor, supplies and equipments.
    2. Waste tracking is subjective and cause accountability situations with unit management and represented staff.

D. Describe the constituency that is intended to benefit from the proposed solution (e.g. students, faculty, staff, 1-many units)

    1. Students and their parents who pay for room/board costs
    2. Financial aid who deals constantly with cost of attendance issues
    3. Dining staff will benefit from the new tools with higher productivity on essential tasks and more time to address value added functions

E. Describe the extent to which this proposed solution is a collaborative effort either within campus or with external partners.

Food & Beverage Manager
1. Currently aligned with campus procurement
 2. This is a recommendation of the Bain Group

Dining IT
1. This strategy is a recommendation of the Bain Group
2. This strategy will need strong IT participation and management

Food Waste Management System
1. This strategy is a recommendation of the Bain Group
2. The introduction of new work rules will be a collaborative effort with :
- Campus and SA Labor Relations
- AFSCME
- Cal Dining
- IT
- County Waste Management

F. If applicable, describe how the proposed solution may enable additional projects to be considered.

Food &Beverage Manager
Allows operational management to focus on labor (largest cost of operations), customer service and food safety

G. What is the impact of the proposed solution on the existing systems and processes? Does it eliminate the need for existing systems and processes?

Food & Beverage Manager
1. Will decrease the number of process steps to complete food ordering
2. Will increase accuracy of vendor invoice payments
3. May increase cash discount and rebate/incentive funds
4. Creates an opportunity to audit vendors more easily

Dining IT
This strategy eliminate will eliminate manual and time consuming processes associated with dining's current systems

Food Waste Management System

Currently there is no actual system in place to track or calculate the food waste other than human calculation.

H. What is the impact on the proposed solution on the workload?

Profile/Impact in hours	Current Workload	1-time workload requirement	Ongoing workload requirement
Dining Operation mgt-	30% of time currently on food buy issues, processes	Frees current time allotted to procurement for operations related issues	
Dining Ex. Chef	30% of time currently on	Frees current time	

	food buy issues, processes	allotted to procurement issues for menu management issues, nutrition and flavor	
Unit Operation management	No data	Provides constant flow of data that will influence labor schedules, customer service, etc	

IV. WORK PLAN AND PROPOSED SOLUTION DESIGN

A. Provide a statement of:
- Deliverables — results the solution must deliver to achieve the stated objectives.
- Constraints — factors that may limit the options for providing the solution (*e.g., an inflexible deadline*).

Food & Beverage Manager
Deliverables
- Approval to recruit and hire a procurement specialist/buyer
- Transition from 2 operation management personnel to new position
- Training of new position- UC procurement policies, procedures and current food costing and buying tools

No Constraints-Approved in the 2011-12 RSSP budget

Dining IT
Deliverables:
- Improvements to exiting systems or replace existing systems with new systems
- Recruit, hire and train new IT FTE
- Ensure that reporting needs are met through new system and that standards are maintained through unit accountability measures

Constraints:
- Hiring freeze
- IT's willingness to accept the challenge of a new FTE managing dining IT functionality exclusively
- Capital costs approaching $500k

Food Waste Management System
Deliverables:
- Lower COGS
- Management tools to focus on behavioral changes in represented production staff

Constraints:
- IT's acceptance
- Capital costs approaching $75,000

Possible union push back on new work rules and accountability measures

B. Provide a work plan for the proposed solution with high-level steps to complete the solution, including timeline. (Try to limit your plan to no more than seven steps.)

	MILESTONE-Procurement	TIMELINE
1.	Job Description	Complete
2.	Hiring request acceptance	March 2011
3.	Recruitment	April/May 2011
4.	Hire	July 1, 2011
5.	Train	July, 2011
6.	Review current buy	July, 2011
7.	Create strategy documents for savings	August, 2011

	MILESTONE-Dining IT	TIMELINE
1.	Project plan created	May 2011
2.	Recruit, hire and train new IT FTE	May-Aug 2011
3.	RFP for review of existing systems, developing a solution strategy and implementing that strategy	June 2011
4.	Vendor chosen and notified	Dec. 2011
5.	Solution is set up to extent possible to run with concurrent system.	Jan. 2012
6.	All bugs are mitigated, tested and results identified	March 2012
7.	Complete transition to new solution	June 2012

	MILESTONE-Food waste	TIMELINE
1.	Project plan created	March 2011
2.	Negotiations with AFSCME begin	April 2011
3.	RFP for new waste management system	May 2011
4.	New system chosen and vendor notified	June 2011
5.	System set up and working	July 2011
6.	Continual adjustment and review	Ongoing
7.		

C. What are the data requirements for the proposed solution?

Procurement-N/A

Dining IT-Review of new shared service model and impact on dining related IT activities

Waste Management-N/A

D. What are the technical requirements for the proposed solution?

Current technical requirements will make for seamless transition to new systems providing fresh and timely data driving decision making to unit management levels that will result in savings over time.

1. Interface with other RSSP and campus systems
2. Integrating and managing a new hardware platform

E. What are the greatest risks for the proposed solution and the plan to reduce or eliminate the risks.

	RISK	MITIGATION PLAN
1.	Rising worldwide food costs	These processes allow a more thorough review of new price sets as food costs rise.
2.		
3.		
4.		
5.		

F. How does the proposed work plan allow for evaluation and course correction to ensure the outcomes meet the campus needs?

F&B Mgr
- Cal Dining maintains weekly inventory of $200,000 stock on hand
- Monthly P/L
- Residential dining cost per meal management

Dining IT
- Monthly P/L
- Residential dining cost per meal management
- Retail dining customer throughput, COGS, itemized sales reviews. Changes to sales, prices etc. related to operating a full functioning food service

Food Waste Management System
- Monthly P/L

- Residential dining cost per meal management

- Retail dining customer throughput, COGS, itemized sales reviews. Changes to sales, prices etc. related to operating a full functioning food service

- New individual represented staff accountability tools

V. CHANGE MANAGEMENT

A. What is the change management plan to successfully implement the outcomes of the proposed solution?

F&B Mgr
- Best practices for operational and procurement management

Dining IT
- Best practices for food service operational and sales management
- Innovation becomes a given with actionable data
- New training and communication system to ensure the change is optimized financially

Food Waste Management System
- Best practices for food service operational and sales management
- Innovation becomes a given with actionable data
- New training and communication system to ensure the change is optimized financially

B. What incentives and/or disincentives are proposed to influence behavioral changes necessary for the successful outcome of the proposed solution?

Food Waste Management System
Successful negotiations with AFSCME on new work rules
Allows a potential recognition and reward for improvement/savings in food waste and cost savings from procurement

C. Who has been identified as the change leaders and implementers to carry out the changes necessary for the successful outcome of the proposed solution?

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Food & Beverage Manager
Shawn LaPean-Cal Dining director
Ida Shen-Cal Dining assistant director
Katie Solinger-Cal Dining assistant director

Kurt Libby-RSSP Buyer
Jim Hines-UCSF/UCB Procurement director

Dining IT
Shawn LaPean-Cal Dining director
Ida Shen-Cal Dining assistant director
Katie Solinger-Cal Dining assistant director
Chuck Davies-Cal Dining associate director
Florence Fung-Cal Dining menu management manager
IT-TBD

Food Waste Management System
Shawn LaPean-Cal Dining director
Ida Shen-Cal Dining assistant director
Katie Solinger-Cal Dining assistant director
Chuck Davies-Cal Dining associate director
Florence Fung-Cal Dining menu management manager
IT-TBD
Cal Dining unit management and chefs-

VI. FUNDING MODEL AND BUDGET

A. Could the proposed solution move forward with partial funding? If yes, describe the revised scope, including the associated savings impact.

No, none of these items can proceed without funding.

B. What is the plan for sustainable funding to support ongoing operations of the proposed solution?

Food & Beverage Manager
Maintenance of dining food budget

Dining IT
Operational expense savings will create a 5 to 7 year complete ROI

Food Waste Management System
Operational expense savings will create an ROI in 1 to 2 years

C. Please download and fill out the OE Resource Request Budget Template located at [location] and follow the instructions on the first worksheet in the workbook to complete the budget ant line descriptions. Include both completed sheets with the Resource Request

VI. ASSESSMENT PLAN

Please use the table below to detail your metrics.

METRIC CATEGORY	SPECIFIC MEASURE	MEASURE BASIS	DATA COLLECTION METHOD	DATA COLLECTION FREQUENCY	FUNCTIONAL OWNER OF DATA COLLECTION	LARGER GOAL TO WHICH METRIC RELATES
EXAMPLES:						
FINANCIAL PERFORMANCE						
1 Reduction in average price of office supplies	*Avg price*	*Per item*	*Look at vendor catalogs*	*Quarterly, first day of each quarter*	*Procurement Director*	*Overall reduction of 15% in average price of office supplies*
OPERATIONAL PERFORMANCE						
1 Reduction in average processing time per transaction	*Avg person-hours required*	*Per transaction*	*Survey of transaction processors*	*Semi-annually*	*Director of Billing*	*Reduction of 20% in average transaction processing time*
FINANCIAL PERFORMANCE						
1 Reduction in cost per meal in resident dining and food cost as a percentage of sales in retail dining	Cost per meal in resident dining. Food cost percentage of sales in retail dining.	Per transaction	FoodPro data, Revenue data and BFS data	Food costs will be measured per meal, per day, weekly, monthly and annually.	Dining director	Reduce room and board price increases in future years to reduce UCB "cost of attendance"
2						
OPERATIONAL PERFORMANCE						
1. Changes in operations due to new data sets	Reduction in meal costs or food costs	Per plate or per item	Menu management system and point of sale system	Per Transaction	Dining director	Reduce room and board price increases in future years to reduce UCB "cost

					of attendance"
2					
PRODUCT / SERVICE QUALITY					
1. No change-All savings directed towards expense reduction					
2					
EMPLOYEE SATISFACTION					
1Waste management system will create a competitive environment to reduce waste	Reduction in meal costs or food costs	Per plate or per item	Menu management system and point of sale system	Per Employee data set	Dining director/ dining senior leadership and unit managment	Reduce room and board price increases in future years to reduce UCB "cost of attendance"
2					
CUSTOMER SATISFACTION					
1N/A					
2					
PUBLIC RESPONSIBILITY					
1. N/A					
2					
SUPPLIER PERFORMANCE					
1.These three strategies combined make Cal Dining's procurement strategy a best practice in the food industry and in the higher education food industry	Reduction in meal costs or food costs	Net operating revenues	FoodPro data, Revenue data and BFS data	Food costs will be measured per meal, per day, weekly, monthly and annually.	Dining director and RSSP CFO	Reduce room and board price increases in future years to reduce UCB "cost of attendance"
2					