

Care Home Buyers Guide: How to Reduce and Manage Food Costs

greetwell
PURCHASING SOLUTIONS



Running a care home is never an easy task, no matter the size.

Today's trading environment and the complex needs of residents means that every cost needs to be put under the microscope.

In 2018 alone, more than 100 care homes in the UK were made insolvent, showing that the sometimes wafer-thin margins on which some operate can mean trouble if you don't pay attention to every aspect of your business.

If you are wondering how you could reduce your foodservice bill, then this eBook is here to serve as inspiration and hopefully a little food for thought. Through a few simple strategies and some rethinking of your procurement practices, you can reduce your costs and maintain a higher level of profit without compromising on the quality of the food produced.

When it comes to purchasing consumables; including food, cleaning materials, uniforms and stationery the process can unfortunately be fraught with long, time-sapping administration. Thankfully, there are several ways in which you can look to mitigate this within your organisation.

What challenges do you face?

The constant need to watch your bottom line and time management within the complex and often relentless running of care home facilities can sometimes feel like a never-ending task.

Between residents' needs, business performance and HR demands, purchasing can often take a backseat and costs can sometimes creep up without much in the way of challenge. Let these incremental changes occur and you could end up with a situation where costs start to impede on your profitability.

The following pages detail some common challenges care home operators encounter when it comes to food procurement:





TOO MUCH CHOICE

When searching for suppliers, without a firm plan, the sheer amount of choice out there can be overwhelming. Do you opt for suppliers that provide a one-stop-shop? Or do you seek out local suppliers for each food group? There is so much choice when it comes to food wholesalers, there are national, regional & local suppliers, multi-million-pound organisations right down to the white van man. The choice is yours, and that's fantastic, but it can be a real time-sink and they all want your business.



NOT ENOUGH TIME

It's so easy to get into habits when it comes to procurement. Often a review every few years is enough for many organisations to look at what they are really spending; but when was the last time you really put your costs out to tender or tested your current prices against different suppliers? Most don't, as it isn't an easy or quick process.



RESIDENT NEEDS

Given the increasingly complex needs of today's residents and the progressively high standards set by the Care Quality Commission, more thought than ever before needs to be put into the daily menu. Malnutrition, dehydration and other health risks are commonplace among the elderly: so additional care and consideration needs to be taken. Residents with Dysphagia are a challenge for all care kitchens, achieving the correct consistency for texture-modified food is absolutely critical - do you choose to make these meals yourself or arrange to have them purchased ready-made.



MENUS

What might have seemed acceptable in years gone by is no longer the norm. A more discerning palate from residents and a focus on nutrition and health means weekly menus need to conform to CQC standards. Finding a supplier that offers that elusive balance of cost, nutritional analysis and menu support is tough.



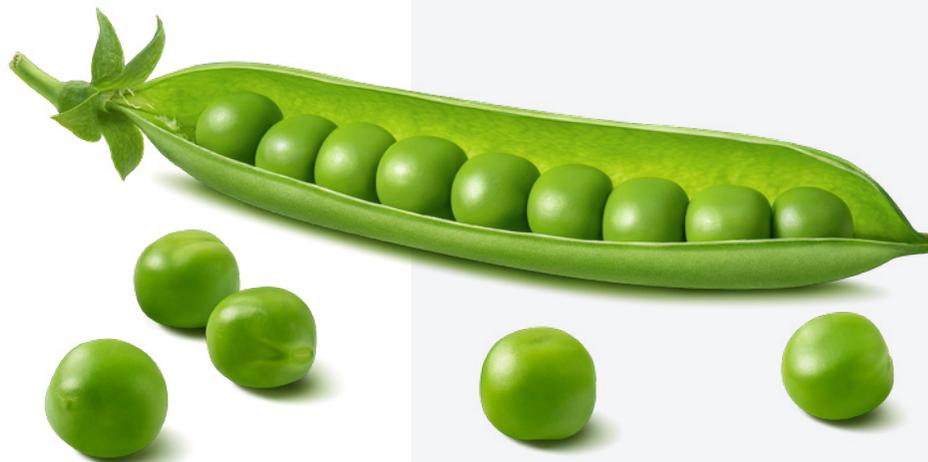
CONSISTENT COST

Food is one of the most changeable commodities when it comes to price. With global economic, political and seasonal variations all having an impact on food production, a price will rarely stay the same forever. This means a constant search for quality food at the right place and can be a real pinch point for care homes and those that run them.



CONTRACTS

Too often contracts can be punitive, feel limiting or can be hard to negotiate. This takes valuable time away from your resource which could be better spent elsewhere: be it supporting your staff or enhancing the resident experience.





INVOICING

When dealing with multiple suppliers, invoicing can seem like a never-ending flurry of activity. Using several suppliers and having them deliver numerous times a week can mean dozens of invoices clogging up in-trays each week. Keeping track of them can be tough and a laborious administrative task.



How To Reduce Your Cost Per Resident Per Day

Reducing the cost per resident is not an easy task: to do this for your own care home or group can be a real challenge.

Looking at operations from a top-down viewpoint is often useful, but understanding the needs of your catering team, residents and the expectations of families is also needed. Therefore, analysing or reviewing such matters can be a long, drawn-out process.

The way you attempt to reduce this can be done in several ways. Looking simply at cost can be reductive, so an overarching strategy that takes into account what we have mentioned previously is essential.



Ask yourself:

“WHEN WAS THE LAST TIME YOU HAD A REVIEW?”

If you don't regard the cost of food as having an impact, this can get out of hand. Forget to check and you could well be suffering from incremental increases over time. If a supplier increases its prices by even 1% every year and it remains unchallenged it can soon add up. Could a tender or some sort of price benchmarking reveal more than you think you know?

“COULD FIXED PRICE BE RIGHT FOR YOU?”

Many suppliers will give you fixed prices if you enquire and sign for an extended period. Could an agreement like this make all the difference to your operations? However, be warned that fixed pricing only lasts for a few months at a time. Suppliers will always come back with some marginal product increases and occasional decreases at each price review window. This can be monthly, quarterly or bi-annually. Changes to prices are often based on food inflation and cost-to-serve increases. Do you also have the time to review and ensure the changes truly reflect the market conditions?

“ARE YOU IN TOUCH WITH THE MARKET?”

Do you stay in touch with your suppliers, even the ones you aren't using at present? Remaining knowledgeable and wise to new products, pricing structures and trends in food, especially within care might mean you are wise to those looking to take advantage or give you less than glowing deals. You might be able to save up to 10% on some products, and that can add up to huge amounts over time.



Foodservice options? The choice really is yours...

Delve a bit deeper into the foodservice industry and you learn, as we've alluded to before, that there are plenty of options and the right one for your care home may well be different from others.



Considering each one on their own, or as a combination can make a real difference to your bottom line.

Here are a few ways to provide and source your food solution:



FULLY CONSOLIDATED SUPPLY

Where everything is sourced from one supplier. The benefits include reduced ordering, delivery complications, back door time as well as less invoicing.

DELIVERED MEAL SOLUTIONS

An alternative to scratch cooking in house, frozen meals can be provided ready-made and delivered in. The food costs will be more expensive, but preparation can be slimmed down, reducing staff costs and HR Administration. DMS are not for everyone, but they will provide a reliable, consistent and nutritionally-balanced menu solution. However, operators just need to be very mindful of the additional product cost.

USING SEVERAL SUPPLIERS

Another option is to use separate local suppliers for your fresh commodity lines such as dairy, fruit & veg and meat and a wholesaler for your core range of grocery, frozen and chilled lines. Using local suppliers where possible gives you a better chance of seeking out quality and also means you give something back to the local community, it provides provenance to your purchasing. But are you getting the best value?

USE A PURCHASING PARTNER

This can save time, stress and costs. Whichever the preferred foodservice option, a good purchasing partner can offer priceless support in delivering a cost-effective and well-managed solution. Negotiating and managing everything yourself as well as the care needs and business demands of running a care home can be very difficult.

Reporting, what can it do for you?

Do your incumbent suppliers provide detailed purchasing reports that let you analyse Category spend and trends?



ADVANTAGES OF REPORTING IN MORE DETAIL CAN MEAN:

Responsibility – By sharing the detailed purchasing reports with the catering team not only provides full visibility but also engages the staff and encourages ownership. With multiple homes sharing reliable monthly reports creates a level of competition between the catering teams to stick within budget.

Visibility – Purchasing reports should be timely and informative, providing the operator with a quick glance at expenditure and a more thorough detailed analysis of the cost per resident per day.

Verification – Reports should qualify that invoice pricing is correct according to the agreed contract price. A clear demonstration of the level of contract versus non-contract spend at site level will also indicate if best value and purchasing control is being achieved.

Alternatives – Good information should highlight product swaps and provide options where product choices can deliver cost savings without compromising on quality.

Food costs are only a small part of the day to running costs in a care home.

But really considering the foodservice options and taking command of the purchasing will not only bring cost reductions but also deliver control and visibility. There's a lot that can be achieved simply by taking stock and giving attention to the finer details.

The main luxury many owners and managers are missing is time. That's why sometimes it pays to task another party with the burden. A combined negotiation, actioning and reviewing process can lift so much time and administration from your plate. After all, if you are struggling to find time to look at this important aspect of your business whilst also trying to run it, why wouldn't you welcome that?

Getting your cost per resident down is not easy, but can be very rewarding.



Contact us

If you'd like to find out more about how to reduce and manage the food costs within your business, then get in touch.

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