

Interpretation of Olin College Profit and Loss Statement

Analysis of food cost, labor cost, expenses:

- Bill gets \$411,301 for the school year to spend on food. This is a fair amount of money because Olin is a small account and all students are required to purchase a meal plan. Half the money students pay for their meal plan goes to Sodexo to run Olin's foodservice.
- Total labor cost is \$642,763. Due to the small size of their operation a large amount of employees are not needed. However, because much of the cooking is scratch cooking higher skilled cooks are needed and more labor time is required in order to produce the meals.
- Sodexo at Olin College has controllable expenses and non-controllable expenses. The most expensive controllable expenses for them is maintenance and repair. They are not responsible for paying for utilities or telephone because Olin College pays for them.
- Olin College foodservice operation is managed by Sodexo. It is a fee account which means that Sodexo's client, which is Olin College, gives them a budget of \$1,224,490 to run their foodservice operation.
- Sodexo's budget is fixed at 5% of the Olin College board approved budget.
- The foodservice operation at Olin College is in excellent financial condition because at the end of the school year Sodexo will get \$58,292 no matter what.

Suggestions to increase revenue:

- When purchasing foods select the preferred products as much as possible
- Utilizing leftover food when appropriate as much as possible
- Enforce employee's work hours so they don't exceed 40 hours per week
- Employee training on correct practices and procedures-provides employees with skills and knowledge to increase their performance
- Instead of allowing students to serve themselves the hot entrée pre-portion it out for the students. This will control the amount of food given to students and possibly decrease the amount of food needed to be prepared.
- Employees can help increase revenue by following standardized recipes, limiting mistakes and adhere to portion standards.
- Increasing customers from the community-offer them a discounted price or a special package deal

Comparison to Industry Standards:

- The Sodexo standard food cost percent is 38-40%. Olin College's foodservice system food cost percent is 34%. This is slight lower than the average because Olin College is a small account.
- Labor cost percent is usually 45-50%. Olin College's labor cost percent is slightly higher than the standard at 52%. The reason for this is because Olin College foodservice does mostly scratch cooking which demands more labor hours and higher skilled employees.