

# Can The School Canteen Survive?

## Introduction

There are increasing pressures on school canteens to remain profitable and viable, which leads us to ask the question, will the school canteen as we know it survive? Among the over 5000 school canteens in Australia it would be rare to find one that is not facing increasing pressure due to working with thinner profits and the difficulty in offering healthier menu choices while competing with local food outlets.

At ASCA (previously the Australian School Canteen Association) the board and team certainly hope the school canteen is here to stay. After all, for most of its 32 year history ASCA's prime objective has been to increase profitability and effectiveness of school canteens. Today over 1200 schools are members of ASCA and are part of a network that uses its buying power and combined knowledge to get better results for schools.

However there is no question that more change will be necessary for school canteens to survive and prosper.

## Canteen Profitability

Most schools seek to run profitable canteens to assist in generating much needed funds for the school. Traditionally canteens leverage the efforts of volunteer parents. However, canteen profitability has come under pressure in recent years, particularly in secondary schools where volunteers are harder to attract and teenagers are 'fad' driven. Schools quote healthy food guidelines and staff costs as reasons for reduced profits.

In ASCA's recent member survey 63% of secondary school canteens indicated that profits had declined due to healthy food guidelines. Healthy food, while better for students, is more labour intensive and costly to produce, and is often less popular resulting in reduced turnover and margins.

ASCA has been working with suppliers to help canteens increase profitability. It has just introduced a new "one stop shop" distribution system in Brisbane where 500 school canteens can order over 80% of their needs through one distributor, Quality Food Services, which specialises in the school market. Other suppliers have agreed

to use the distributor for their deliveries to schools, thus reducing orders, deliveries and invoices, saving costs and increasing safety in the school.

In another model, primary schools cluster with a secondary school canteen. Orders from primary school parents are received online and prepared in the canteen, and then picked up by the primary school volunteer parents. This increases profitability in the secondary school canteen, and helps avoid non-viable canteens in small primary schools.

## **Healthy Canteens**

The healthy food guidelines have not been all good for canteens in Australia, and the umpire is still out on how they have impacted obesity. The good news is that in ASCA's recent survey, 75% of secondary school canteen managers said that students are now more aware of healthy food options, and 80% said that canteens now prepare more food themselves rather than merely heat and serve. Canteen managers also agreed suppliers are increasing the range of healthier green and amber products suitable for school canteens.

The bad news is that canteen profitability has suffered, with over half the canteen managers saying that students now spend more money on food off campus. If the "at risk" students merely go to the milk bar then the question needs to be asked, are the guidelines really effective? Many canteen staff believe they have gone too far and there needs to be a more balanced approach, with more days when red products are allowed.

Healthy canteens can be profitable, but schools need to ensure canteen staff have appropriate skills. We are entering the era of the canteen chef rather than the traditional tuck shop manager.

## **Canteen Staff and Volunteers**

Good canteen staff and volunteers are the difference between a well-run profitable canteen with a happy client base, and a canteen that is unprofitable and has low student custom. However, the skills required by canteen managers continue to increase.

The best canteen managers produce an interesting and varied menu, understand the principles of visual merchandising, and know that customer service is important whether your clients are adults or children. They understand the dynamics of running a profitable canteen and have a keen eye on costs and turnover. Canteen

managers must buy wisely, which is why so many schools are members of the ASCA buying group. Leading canteen managers know that the best suppliers not only have competitive prices and excellent service, they must also have the brands that students want to buy. For example, recently ASCA switched its ice cream supplier to one with a greater range of products appropriate for canteens and with higher market share. The result was that many schools experienced a 30% increase in ice cream sales.

Today's canteen manager needs a new range of skills not needed in the past. She needs to know the cultural mix in the school, and offer choices accordingly. She must also be a good people manager to address the increased challenge of attracting, motivating and training volunteers. And where the school introduces computers into the canteen she must be computer literate.

## **Technology in the Canteen**

There are few canteens with their own computers. Schools have other priorities for computer investment and canteen staff are not always computer literate. However, there are many reasons why schools should consider technology in the canteen. Alternatives such as simple EFTPOS facilities, full cashless canteens, and online ordering systems for parents and students are options schools need to investigate.

Cashless canteens, where students use cards for their canteen purchases, can provide benefits for parents and the school. Parents are able to control spending on the card, and can also provide dietary limitations (which is particularly useful if a child suffers from serious allergies). In the canteen the computer system that collects information from the cards can be used to control inventory and minimise waste, and to eliminate pilfering. Schools with cashless systems have reported increases in profitability up to 30%.

Food and beverage suppliers are working with ASCA to provide computers for school canteens because they too see benefit in canteens having computers. Schools that have computers to manage their inventory and ordering systems are much less likely to suffer from over-ordering, or from stock-outs where suppliers need to urgently replenish stocks.

## **Expanding Opportunities for the Canteen**

Some schools see the canteen as simply an outlet to service the needs of hungry and thirsty students. Such canteens are often unattractive – they are places where

students spend as little time as possible, eager to get to the front of the queue and exit quickly to eat and drink elsewhere.

However, other schools have created vibrant meeting places in the school campus, using cafe style layouts to both service the students more effectively, and also to provide an attractive space for eating and talking. Most schools complain that there is not enough money for such a venture, however such investments provide healthy returns in canteen turnover and student satisfaction.

There are many other opportunities for schools to take advantage of well-run canteens and good staff. School catering budgets can be slashed by using the canteen staff and resources to cater for functions. Canteen resources can be used at other times outside the normal breaks and lunch, providing offerings at the beginning and end of days. Vending machines can also provide increased access to refreshments, although healthy food guidelines can impact the range of drinks and snacks which are made available. All of these opportunities can increase canteen profitability and returns for the school.

## **Outsourcing**

Despite the many opportunities for increased profitability of canteens, some school communities and principals prefer to outsource the canteen to a professional firm. Sometimes the motivation is a loss making canteen or the need to invest capital in the canteen which is just not available. Other times it may be the loss of a key canteen manager or difficulty in finding suitable volunteers. If the risk and opportunity cost is too high then the canteen will be contracted out.

Schools that decide to outsource should assess alternatives against a range of key criteria, not just the highest rent. They should beware of firms that offer “rents” to the school that appear high in comparison to others. If it appears too good to be true then it probably is, and the school is risking an unsustainable arrangement.

Outsourcing does not come without its own risks. Schools need to do due diligence to ensure the contractor complies with all required regulations, uses quality suppliers, and has a strong record in schools with satisfied students and parents. Ideally schools should retain some control of key policies in the canteen. Often a profit share arrangement is preferable to a straight lease payment, as this keeps both partners focused on the same goals.

## **Conclusions**

The challenges facing school canteens are significant, but there is an increasing range of strategies that the innovative school can take to ensure today's canteens will not only be with us tomorrow, but they will become stronger and more successful.