Benefits of Working in Q.F.S. Environments

Benefits of QFS Careers
- Know customers
- Flexibility
  - change environment
  - change typical work week
- Often more entrepreneurial environment

Management Contract
- An agreement between two parties (owner/client and management company/operator) where the management co. operates the food services in a facility(s) for the owner. In return the management company receives compensation.
Compensation
- Management Fee
- Profit Sharing
- Combination

Why Organizations Contract Services
Ancillary Activities
Core Competencies
Ancillary Activities

University Example
Food Service
- Book Stores
- Landscaping
- Custodial
- Health Care
- Facility Mgmt

- Residential Management
- Security
- Child Care
- Uniform Service
- Education Research
Parties Involved

- Management Company
- College/Univ. (Client)
- Students/Faculty/Staff (Customers)


- More Control and Flexibility
- F.S. Employees Are Your Own So Can Set Pay & Benefits
- Often Less Turn Over

Arguments for Contracting

- Often Lower Operating Costs
  - Economies of Scale
    - Support staff
    - Training
    - Centralized menu planning
    - Test Kitchens
  - Lower Labor Costs
- Larger Pool of Talent and Labor
- Special Programs
- Can Concentrate on Core Business
Types of Contract Provisions

- Profit and Loss (P&L)
  - Mgmt. co. pays client some combination of rent, utilities or commission on sales. Mgmt. co. keep profit or absorbs loss.
- P & L with capped or shared profits
- Fee Contracts
  - Client pays mgmt. co. a fee for their services.

Common Fee Structures

- Fixed fee
- Incentive fees
- Cost plus
- Sliding scales

Fixed Fee

- M.C. agrees to provide F.S. for a fixed amount.
Fixed Fee

M.C. agrees to provide F.S. for a fixed amount.

If: Rev - Exp - Fee > 0,
M.C. sends check

If: Rev - Exp - Fee < 0,
M.C. sends bill

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Example: $6,000 fixed fee

<table>
<thead>
<tr>
<th>Case 1</th>
<th>Case 2</th>
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<tbody>
<tr>
<td>Sales</td>
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Incentive Fees

- Amount of fee is structured in a way to encourage performance.
- Fee might be based on
  - profits
  - # served
  - combination of factors

Example: Fee based on 80% of profit

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