

PROJECT DESCRIPTION and OBJECTIVE: **Strategic System Oriented Food Service Assessment**

Situation

A large group of facilities within the healthcare system was outsourced and, as a system, wanted to renegotiate the contract. Prior to renegotiating a new agreement an objective assessment of the food operation would provide information regarding the operation and industry best practices to ensure that the best strategic decision for the organization is made.

Problem

The healthcare system had a long relationship and contract that was ready for renewal. The contract was complex, confusing and due to the long term nature of the agreement costs escalated. When this Agreement was executed the operational direction for food services was to utilize a central kitchen. Over time the goals and needs have changed and within the terms of the agreement the contractor has worked to address changing needs. Significant financial investments were also tied to this agreement which added to its complexity. The organization also wanted to have more flexibility and ability to change over time to address customer and financial needs. It was clear a new contract was needed and new strategic direction. The system wanted to have an objective assessment, by food service experts, done of all the operations to ensure that they had all the information needed to make the best strategic decision regarding food service for the organization.

Solution

Ruck-Shockey Associates, Inc. was hired to complete a strategic assessment of the system's food service operation to include: a financial and operational performance analyses of the contracted food service operation versus industry best practice; recommendations related to industry benchmarks, customer satisfaction improvements and other service or financial opportunities identified; and recommendations of best practice for ongoing contract design/language, to include long term and acute care facilities.

Benefit & Outcome

The system received detailed financial and operational information related to each of the facilities along with contract negotiation strategies. RSA projected savings to the organization in the range of \$5 – 7 Million without any service changes and improved flexibility for change in the future. The organization is currently in contract negotiations with the current contractor (they have maintained a good relationship and are negotiating in good faith) using recommendations made.

Facility Facts

Community based acute care facilities—14 facilities under review
Variety of operating modes including hospitality enhanced service models and a central production facility
2686 licensed beds within project scope
Eastern U.S. Location