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Showcasing Excellence

Manchester Metropolitan University

In 2007 MMU's catering department had a deficit of £780k. To reduce these losses and break even, a new employment model was introduced, along with an overhaul of catering spaces, menus and staff development. In 13/14 sales reached £3.76m, £1m more than projected. A healthy surplus was also generated, 12 months ahead of budget.

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Seven years ago the catering department at Manchester Metropolitan University was in serious trouble. Annual losses topped £780k and staff feared the deficit would hit £1m if major changes weren't made.

Head of catering, Jacqui McPeake takes up the story. “Catering was always seen as a ‘service’. We opened units for longer or at weekends when we were asked to - all without questioning viability. But with the downturn came new financial demands and people started asking why we were losing so much money.”

This marked a long period of intense financial scrutiny for MMU's food operation. Over the next seven years the department was externally audited six times and in the early days Jacqui would regularly attend difficult meetings with the head of facilities and the finance department.

The catering team knew a complete transformation was necessary, from menus and staffing to marketing and decor. Crucially, the perception of catering at a senior level within the university also had to alter.

As Jacqui and her team began the process of change within the department, the university was also embarking on a five year capital works project, investing £350 million in new campus facilities.

Fortuitously, this meant that many of MMU's older buildings – and the dated food units they housed – were closed. In their place sprung new, architecturally award-winning structures, with modern, well-designed catering spaces.

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This re-design process began with some customer research led by Litmus, a catering and facilities management consultancy. A total of £20,000 was invested in developing new menu plans based on their customer insight. This was funded by



the head of facilities' budget to avoid increasing the catering operation's deficit further.

A total of 1,126 students and 1,045 staff were surveyed and results indicated that more meal deals, loyalty schemes and later opening hours would be welcomed. For both staff and students the priority was a grab 'n' go or a food court plus availability of plenty of seating and wi-fi. Opening units on the weekend wasn't viewed as important. Customers also wanted to see more halal meat, salads, fruit and juices, vegetarian and healthy eating options.

“We realised that previously we'd tried to produce all aspects of our menus in-house,” Jacqui explains. “We were trying to do too much and not doing any of it particularly well. We immediately stopped making sandwiches ourselves and the executive chef completely overhauled the hot food offer and introduced an exciting range of world foods.”

Consultants Foodesco also established the catering department's needs around

equipment, furniture and the design of kitchens and eating spaces.

Jacqui describes their role: “Foodesco worked with us for six years to advise the architects on our requirements. They were briefed on our goals to reduce costs, streamline operations and increase income.”

Foodesco were commissioned by the capital projects team so costs were directly attributed to the building programme rather than the catering department – something Jacqui feels very fortunate about.

As the capital works continued, MMU's 13 original food units were replaced with 10 bigger, brighter eating spaces. The catering team planned everything around each space's target customer base.

Students at the art school are mostly female and many are vegetarian. To appeal to this demographic, the café was refurbished for £21,000, with antique crockery, homemade cakes, barista coffee, speciality teas and sandwiches.

The faculty of humanities, languages and social science is based in the Geoffrey Manton building and

here the old bistro was replaced with an international offer – something the faculty paid for itself. The Atrium Café now provides Mediterranean and Middle Eastern cuisine. Food quotes and a vintage map adorn the walls. The new café took twice as much income in its first five months than the old bistro took during the same period last year.

In the business school, a slick, high street-feel café has proved so popular that a second unit had to be opened to meet demand.

The new Birley Campus is home to the faculty of education and the faculty of health, psychology and social care and the catering facilities – Birley Kitchen and Birley Café - ensure that there is an emphasis on healthy food. Customers can create their own salads and signage has incorporated a photograph taken directly from a vegetable supplier's field.

With the John Dalton Food Zone having a strong male customer base, hot food has been given a big focus.

Total catering income for all these units grew by more than 36% in the 12 months since changes were made. Sales increased from £2,759,000 in 2012/13 to £3,760,369 in 2013/14.

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But it hasn't just been these new outlets that have boosted the catering operation's bottom line. As part of MMU's investment programme, its nine different campuses - spanning two counties in the north west - have been rationalised to just one site in Manchester and one in Cheshire.

Jacqui explains what this has meant: “Five years ago our income was much lower due to poor locations – we were



also spread across a wider geographical area which meant we needed more staff. At one point we were so heavily staff based that payroll expenses took up 76% of our sales revenues.”

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Jacqui believes that changes to the staffing structure is one of catering's biggest achievements. A new staffing rota sees permanent employees making up a core team who open and close units. To reduce overtime costs, new staff aren't automatically made permanent and few workers have full time contracted hours – giving the staffing structure more flexibility.

Agency staff are hired as required and although employees were initially concerned about this it has proved a great success. Agency workers bring in high customer service standards, flexibility and quality high street skills and the MMU team has learnt from them.

“Agency staff suggest new ways to make a better latte or serve customers more quickly,” Jacqui comments. “It's changed the culture and motivation within the department and we've received lots of positive feedback about staff.”

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Counter staff now receive a pre-service briefing from chefs so they can tell customers what's on the menu, upsell and inform customers about food containing allergens.

Every catering employee has an annual performance development review with their manager and all staff have the opportunity to discuss their training and development requirements. The first MMU catering staff conference was held in September 2013. This was introduced following ideas that were discussed after both Jacqui and Gillian Edwards attended a TUCO managers' study tour. Gillian, who is MMU's catering development and training manager, developed this idea into a successful training programme.



Pay Costs (% of income) – 13/14

	Budget £	Actual £
Payroll	44%	28%
Overtime	0%	2%
Agency	4%	14%
TOTAL	48%	44%

Procurement costs and savings – 13/14	£
Total expenditure via TUCO frameworks	£1,252,999.43
Cash Savings	£96,946.65
Process Savings	£48,000.00
Manufacturer Rebates to University	£3,522.05
TUCO Annual Subscription	(£ 100.00)
Total net savings	£148,368.70

Gross Profit -13/14

	Budget £	Actual £
Total Income	2,586,000	3,761,122
Cost of Sales	53%	53%
Gross Profit £	1,373,000	2,008,000
Gross Profit %	53%	46%

Hospitality Related Income – 13/14

Income Stream	Budget £	Actual £	Variance to Budget +/- £	Variance to Budget +/- %
Conference Catering *	115,000	160,000	45,000	39.13%
Refectory Income	1,637,500	2,562,892	925,392	56.51%
Internal Hospitality	671,500	883,799	212,299	31.62%
Residential Meals **	162,000	153,698	(8,302)	-5.12%
TOTAL	2,586,000	3,760,369	1,174,369	45.41%

* There are no purpose built conference facilities at MMU so space is limited to the vacation period.

** Residential meals were provided at one MMU hall of residence, for 140 residents. This hall of residence is now closed. New accommodation is available at Birley for 1,200 residents but it is all self-catering.

Jacqui describes the event: “We treat each employee like a conference delegate – they receive a goodie bag and we have lunch together. Managers do presentations and

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there’s been a noticeable increase in staff motivation and engagement. We use the conferences as an opportunity to thank the team and celebrate our success.”

This success is also down to savings made in other areas. In 13/14 MMU’s catering service cut its costs by £148,368 – all by using TUCO’s procurement frameworks. This national catering consortium supplies another 339 universities and colleges and 28 councils with £100m worth of goods and services each year and MMU benefited from the low prices TUCO achieves through its economies of scale.

“It’s much easier using the TUCO framework agreements and the recommended supplier list than trying

to manage the contract process alongside the ‘day job’”, Jacqui notes. “With TUCO all the compliance work is already done.”

Jacqui also uses TUCO in other ways, finding the networking opportunities particularly helpful.

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But for MMU’s food team, many of these problems are in the past. Catering income for 13/14 was up 36% on the previous year and £1m ahead of targets. Jacqui was set a goal to break even for 13/14 but one year

ahead of schedule her department generated a surplus of £162,000.

“We will be able to re-invest and purchase some equipment and also we don’t currently have proper maintenance service agreements and this money will help us put them in place.”

An increase in internal hospitality sales has also contributed to this surplus. For 2013 internal hospitality income reached £883,799, almost a threefold increase from hospitality figures in 2011. This achievement, Jacqui believes, is down to a complete overhaul of the offer.

“We looked at our customer base. For example, we have many events



CAMPUS NUMBERS – 13/14

Last year MMU's catering operation served:

- » 154,218 cups of barista coffee
- » 120,913 bottles of water
- » 75,791 hot meals

On campus there are:

- » A total of 41,000 people
- » 37,000 students
- » 4,000 staff
- » 50 catering staff on contracts and the number of agency staff varies throughout the year. On average there are 20-30 agency staff working various hours across the campus



at 4pm and guests don't want lunch or dinner at this time so we developed a 'networking menu' – cheese and biscuits, with local produce from Cheshire. The range of new food has led more academics to book us for hospitality rather than going off site – they want to show off the new menus and the university's new buildings".

The catering department's success has also been recognised by achieving an award. In 2014 they won the CUBO (College and University Business Officers) Best Catering Service Award.

Internally, the attitude of senior staff has also changed. "The threat of outsourcing has definitely lessened", explains Jacqui. "Our successes have been noted in senior meetings, at executive and directorate level. The board of governors have sent messages of support."

This is reflected in the views of Mary Heaney, MMU's director of services who worked at the university for eight years and who retired at the end of 2014.

"During the last five years our in-house catering team has demonstrated its commitment and loyalty to MMU by transforming the catering provision into a world class catering service which has managed to turn the financial performance from a significant deficit into a modest surplus, one year ahead of targets. I have been impressed by the professionalism and determination of the team to succeed, overcoming many challenges along the way. In my view,

an external contract catering company would not have offered the level of loyalty and flexibility in their approach and desire to align their business to the university's academic vision that we have had from our stellar in-house team."

Jacqui McPeake agrees with

Mary Heaney. "If we weren't part of MMU then catering staff would feel differently. With contract caterers there is no flexibility and lots of hidden costs. Any money we have at the end of the year we will reinvest in MMU. There just isn't the same loyalty in contract caterers."

International Student Satisfaction

The International Student Barometer (ISB) is the largest study of international student satisfaction in the world, surveying over 160,000 international students worldwide and over 64,000 in the UK. MMU has a large international student population and its ISB results are as follows:

Year	ISB – level of satisfaction with catering
2007	77%
2008	74%
2009	75%
2010	78%
2011	78%
2012	84%
2013	88%

In 2013 MMU was ranked 12th out of 53 UK Institutions, compared to 26th out of 60 institutions in 2012.

Conference Catering – 13/14

Event Type	Total number of delegates catered for – 13/14
Meeting Business	1,803
Conference Business	1,600
Summer Schools	390
TOTAL	3,793



TUCO

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TUCO is the leading professional membership body for in-house caterers operating in the higher and further education sector. A total of 340 universities and colleges use our services every year. We also support in-house catering teams in the wider public sector, including 28 local authorities and 4 NHS Trusts.

We are committed to advancing the learning and development of catering and hospitality teams, and we work to boost quality standards and provide essential market advice and information to those working in the sector.

No longer just a purchasing consortium, TUCO has responded to the changing needs of its members and now provides like-minded individuals with a place to go to share their values.

From running conferences, competitions, study tours and courses, to researching and providing the tools needed to help institutions get better at what they do, TUCO has grown into a bespoke membership organisation.

Membership is open to all in-house catering operations in the higher and further education sector.

If you are not a further or higher education institution, then it is still possible for you to join TUCO. Please email info@tuco.org for more details.

Our members receive support and guidance from TUCO in four key areas:

SHARE

TUCO provides a platform where members can combine ideas and achievements to collectively raise the profile of university and college catering in the UK. We also help members to network with other professionals and industry experts, sharing best practice and culinary trends.



LEARN

We offer a wide range of subsidised courses, training, study tours and professional advice, to maximise each member's potential.



"In four years, I have seen TUCO grow from a purchasing consortium into a true vehicle for the benefit of university caterers."

– **Jeremy Mabbutt**, *Head of Hospitality Services at Aberystwyth University*

GROW

We help our members to keep up-to-date with the latest market research, industry trends and consumer preferences and gain insight into studies on topics affecting the foodservice market.



BUY

TUCO has significant buying power, purchasing £100m of goods and services every year for 340 universities and colleges as well as 28 local authorities and 4 NHS Trusts. Members can choose from 17 EU compliant catering frameworks and 182 suppliers.



For more details of how to join **TUCO** call **0161 713 3420** or email **info@tuco.org**