


How to Use Benchmarking in Your Operation

As a dietary manager builds his or her skill set, understanding the art of benchmarking can be a critical element to master as a leader. Why? Benchmarking helps you understand your operational performance measured against your peers, and allows you to articulate and justify that performance to your administrator, your finance team, and your department. Comparing your numbers—whether they are good or bad—will assist you in making strategic decisions going forward that are critical to both patient and resident satisfaction, and will contribute to the overall financial health of the organization.

The Association of Nutrition & Foodservice Professionals recognizes the importance of benchmarking, and in 2016 introduced a benchmarking program to ANFP members in skilled nursing and extended care. The tools were developed with Dynamic Benchmarking in collaboration with CDMs, RDs, operators, and ANFP staff. This program will continue to grow in 2020 to include benchmarking available to CDMs working in acute care.

BENCHMARKING AND STRATEGIC PLANNING

Benchmarking is an exceptional tool to develop strategic plans. Take for example analyzing food cost per resident per day. Through benchmarking, you find your facility is in the 20th percentile at \$5.67 per resident day. This means that only 20 percent of facilities spend less on food, but 80 percent of facilities in the compare group spend more. The reason for the lower food cost is a strict adherence to a limited cycle menu and resident choice for alternate items



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kept to a minimum. Snacks are limited to only the minimal standards set forth by the regulations. Your finance team is delighted; however, your administrator is concerned about resident satisfaction measured on food which consistently scores low. In addition, if the facility receives many complaints on food during the survey process and has been cited, it's now a matter of public record. With the benchmarking data, a dietary manager can collaborate with the finance team and administration to move the percentile target to the 25th or 35th percentile, which will allow the dietary manager to expand menu choices while satisfying the finance team to stay within a reasonable percentile and still keep costs under control.

Analyzing labor through benchmarking is also an important feature. When analyzing labor, you might notice that you are in the 40th percentile in wages including overtime in your segment of the country, but are in the 80th percentile in staff turnover, meaning only 20 percent of all facilities have a greater annual turnover than your facility. Is it possible that keeping your labor costs in line is done at the expense of turnover, because staff is leaving for better-paying jobs in your area? Using this data, you can successfully advocate for a higher wage while lowering both overtime and turnover.

PERSONAL EXPERIENCE WITH BENCHMARKING

My personal experience with utilizing benchmarking to improve both processes and finances was about 10 years ago in regards to hospital pantry costs. At the time, my department was absorbing all costs pertaining to the pantry. We were not transferring those costs to the individual nursing units, which was the best practice in hospitals which I was advocating for. The benchmarking data from the tool our facility was using showed our pantry costs were in the 99th percentile, which meant our costs were the highest of about 500

hospitals. Using that data, our leadership team allowed our finance team to start transferring those costs to individual units for greater unit accountability. In addition, because we were moving to a room service concept which allowed patients more choice on the menu, we scaled back the inventory and number of items in the pantry. Because of those changes based on what our benchmarking data indicated, we were able to move our pantry costs from the 99th percentile in one year to the 35th percentile.

IMPROVING OPERATIONAL PERFORMANCE THROUGH BENCHMARKING

Benchmarking is not just entering and comparing data, but also taking the data and strategizing changes going forward to improve operational performance through actionable steps. If a dietary manager's benchmarking data shows they are in the 75th percentile in food cost per resident day, they can develop action steps to improve food costs that could include:

- Reducing inventory or adjusting par levels to reduce food on hand
- Monitoring portion control per shift
- Limiting waste by monitoring overproduction
- Collaborating with vendors to research cost savings
- Investigating kitchen security to eliminate the potential of theft

If the above action plan is successful, the facility's percentile for cost per resident day should improve during the next entry cycle. This proactive approach to financial performance is welcome news to any administrator, finance manager, and/or corporate manager.

Benchmarking also allows the dietary manager to be able to justify and analyze their performance by comparing their facility's

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ANFP's BENCHMARKING PROGRAM

is an exceptional opportunity for dietary managers to improve their operational performance in a confidential approach, while analyzing and comparing their data to like facilities to determine the best practice and make strategic decisions.

characteristics to others. For example, if your facility offers buffet-style dining to residents, that type of meal service is done at a higher cost than a facility that offers a non-select house tray with limited choices. Each facility is unique in size, meal service, layout, and geographic placement so “characteristics” are an important component in analyzing benchmarking data and making solid strategic plans for the future.

ANFP'S BENCHMARKING PROGRAM

Enrollment in ANFP's benchmarking program in 2016 began with 700 skilled nursing facilities, and it increased to more than 1,000 facilities in 2019. Having three years of data allows operators to begin comparing performance from previous years. ANFP is pleased with the increased participation in benchmarking because the more participants in the program, the more credible the data becomes.

The beauty of ANFP's benchmarking program is all of your specific costs and data are confidential, and your facility is only identified through a number, size, and geographic area. Benchmarking is also a tool to demonstrate best practice in the profession. The ANFP benchmarking program is robust and extremely user-friendly and, unlike many benchmarking programs, the data is presented through colorful bar charts for easy analytics.

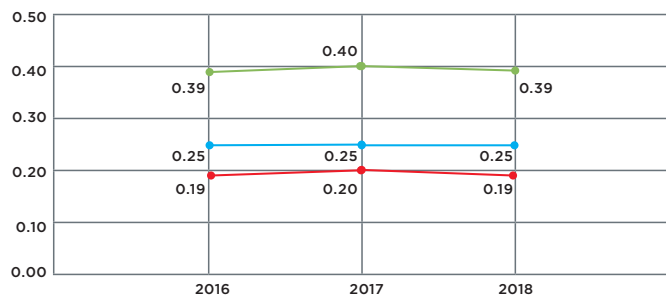
ANFP is adding a new benchmarking program for acute care facilities in 2020. The benchmarking programs for both skilled nursing facilities and acute care facilities are free, and participants earn 1 CE hour for each survey completed. Please consider joining the more than 1,000 operators that already use benchmarking as a tool to develop future strategies. To register, visit www.ANFPonline.org/benchmark. **E**



Highlights from ANFP's 2019 Benchmarking Survey for Skilled Nursing Facilities:
Three-Year Trends for Labor Hours Per Meal and Annual Food Cost

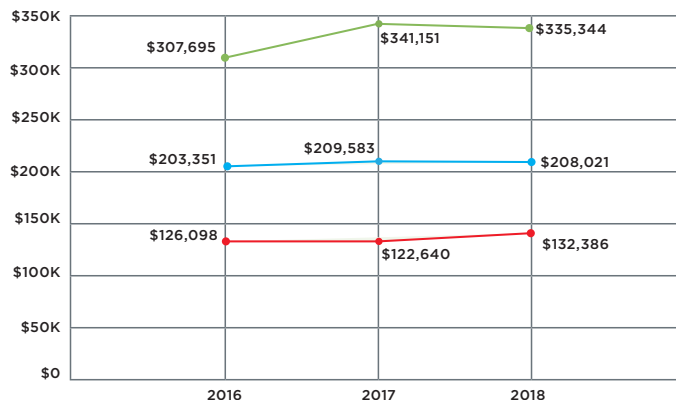


Labor Hours Per Meal

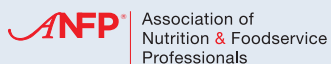


● 25th Percentile ● 50th Percentile ● 75th Percentile

Annual Food Costs



● 25th Percentile ● 50th Percentile ● 75th Percentile



Benchmark Programs Now Open!

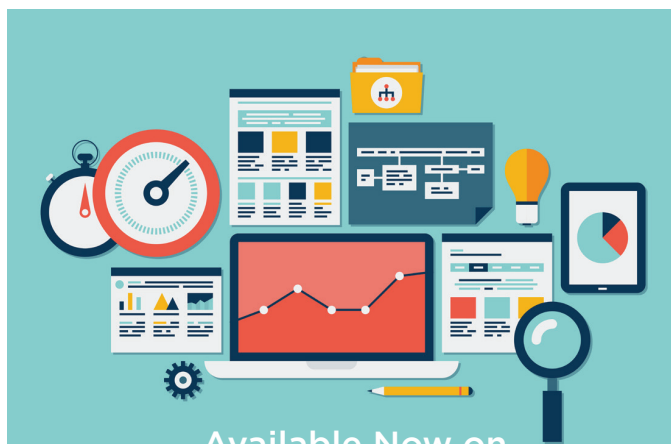
ANFP invites members to participate in the:

- 2019 Skilled Nursing Facility Benchmarking Program
- **NEW** Acute Care Facility Benchmarking Program

These programs are **FREE** and participants will receive 1 GEN CE hour for each survey completed.



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