

CONTRACT FOODSERVICE IN HOSPITALS: ASSESSMENTS OF ADMINISTRATORS,
FOODSERVICE DIRECTORS AND CONTRACT COMPANY REPRESENTATIVES

by

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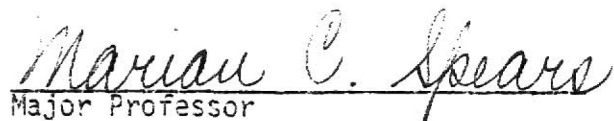
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TABLE OF CONTENTS

	Page
ACKNOWLEDGMENTS	ii
LIST OF TABLES	vi
INTRODUCTION	1
REVIEW OF LITERATURE	2
Brief Overview of the History of Contract Foodservice	2
Advent of Contract Foodservice Companies	4
Advantages and Disadvantages of Contract Services	7
Advantages	7
Disadvantages	7
Contracts	8
Factors in the Evaluation of Contractors	9
Adequacy of Skills and Knowledge of Administrative Dietitians and Hospital Foodservice Directors	12
METHODOLOGY	16
Selection of Sample	16
Development of Interview Guide	17
Procedure for Soliciting Participation	19
Interview Procedure	22
Data Analysis	22
RESULTS AND DISCUSSION	24
General Information	24
Interview Survey	24
Trend of Contract Foodservice in Healthcare Facilities	24

	Page
Reasons for Increases in Contracted Foodservice	24
Sophistication in Management and Finance	27
Advanced Technology	31
Higher Costs	32
Difficulty in Recruiting Qualified Foodservice Managers	33
Sophistication in Nutrition and Dietetics	34
Size and Location of Hospitals	36
Additional Comments	36
Advantages Offered by Contract Foodservice Companies	37
Efficiencies from Repetition of Services	37
Availability of Corporate Resources	37
Provision of Back-up Systems	40
Specialization in Foodservice Management	41
Fresh Ideas and Insights	42
Capabilities Tailored to Needs	42
Applicability to Small Hospitals	43
Additional Comments	44
Disadvantages of Contract Foodservice in Healthcare Facilities	44
Conflict in Goal Attainment	44
Division of Employee Loyalty	48
Inadequate Provision of Modified Diets	49
Loss of Control	50
Negative Reaction of Personnel to Contract Company	50
Additional Comments	51

	Page
Reaction to Solicitation by Contractors	52
Reasons Leading to Termination of a Contract	54
Type of Management Unique to Contract Foodservice	55
SUMMARY AND CONCLUSIONS	56
REFERENCES	60
APPENDIXES	62
A. Initial Interview Guide	63
B. Final Interview Guide	68
C. Guides for Telephone Conversation to Identify Participants	74
D. Correspondence	79

LIST OF TABLES

Table	Page
1. Interview participants' forecast of the future of contract foodservice in healthcare institutions	25
2. Reasons cited by interview participants for increases in the number of hospitals contracting operations of foodservice departments	28
3. Advantages cited by interview participants of contracting foodservice operations in healthcare facilities	38
4. Disadvantages cited by interview participants of contracting foodservice operations in healthcare facilities	45

INTRODUCTION

Increased levels of sophistication and advanced technology are bringing into healthcare facilities complex and costly business procedures (1,2). Furthermore, requirements of regulatory agencies are contributing to the complications in the management of these facilities (2). Administrators and department directors of hospitals are confronted with the challenge of managing available resources to meet goals of the organization within limitations of the growing demand for cost containment while maintaining quality service (2,3).

In 1972, the Study Commission on Dietetics (4) stated that contract companies in the future would manage more foodservice departments in healthcare facilities because of the growing complexity of hospital management and the limited supply of dietitians with managerial skills. Several hospital administrators interviewed by members of the Commission believed contract foodservice to be more effective, economical, and profitable than the hospital operated foodservice facility. The role of the dietitian as a foodservice manager was considered as being challenged by professionals in other areas of foodservice management.

The objective of the research was to study the issue of contracting foodservice departments in healthcare facilities based on assessments of involved professionals. Professionals interviewed were directors of foodservice departments and administrators in large major healthcare facilities and representatives of contract foodservice companies.

REVIEW OF LITERATURE

Brief Overview of the History of Contract Foodservice

The inception of contract foodservice may date back to 1834 when The Bowery Savings Bank of New York City began feeding employees with the assistance of food management consultant and historian, John Wesley Stokes (5). In 1890, the establishment of the first public school feeding program in Boston, Massachusetts, by a woman's organization called The Educational and Industrial Union of Boston added a new dimension to contract feeding. The real stimulus for contract foodservices came in 1914 when World War I broke out in Europe, and the American industry in support of the war accelerated production of military supplies. Businesses competing for government contracts began offering foodservices, which increased the demand for suitable contract companies. During World War II, the process was repeated and accentuated. When the war ended and businesses began limiting or closing out operations, contract foodservice companies directed attention to the foodservice opportunities in office buildings. Throughout the 1950's, the growth and development of contract foodservice was concentrated in the business and industrial area. The college market was next to attract the interest of contract foodservice companies resulting in considerable development in the 1960's (5).

According to Patterson and Boss (6), contract foodservice companies manage 20 per cent of the foodservice departments in healthcare institutions, 50 per cent in colleges and universities, 2 to 5 per cent of the schools, and 75 per cent in business and industry accounts. They indicated contract companies are looking at hospital foodservice departments in an effort to expand fields of business (6).

Patterson and Boss further reported (6) that the influence of contract foodservice companies in hospitals is considered low in view of the 7,000 hospitals that are operating in the country serving an average of seven million meals daily. According to a contract executive they interviewed, the low percentage may be attributed to difficulties encountered in negotiating with certain types of hospital administrators and the accelerated increase of healthcare costs.

Patterson and Boss stated (6) that the low percentage of contract foodservice operations in schools may be attributed to the stance of the American School Foodservice Association (ASFSA). The objection of ASFSA to contract foodservices stems from the issue of profit versus non-profit. Contract companies claim the ability to provide better management service and a more efficient operation of foodservice facilities. ASFSA's contention is that contract companies infringe on the non-profit rule of The National School Lunch Program. Contract companies are viewed as profit making businesses that give secondary consideration to food quality and nutrition education in school foodservice operations.

Crimmins, in testimony before the Senate Select Committee on Health and Human Needs, defended (7) critical observations made about contract foodservices. She stated that contract companies hire professional management specialists who are committed to provide on-site supervision of food preparation and quality of service.

According to Newcomer (8), the concept of contract foodservices as it is understood today only emerged a decade ago. Previously, vending companies and cafeteria foodservice management companies were considered separate entities. The two operations began to merge in 1961, a trend that has continued on a larger scale. The current tendency, however, is for specialization. Several companies have developed in a certain area

of expertise such as in the college foodservice market. Other contract companies have specialized in hospital and school foodservices, and others have centered attention in the lodging, restaurant, and cafeteria foodservice market (8).

Advent of Contract Foodservice Companies

Strittmatter explained (9) that the foodservice department in large teaching hospitals is faced with a dilemma. The increased demand for therapeutic diets represents approximately 35 per cent of the production workload. Serving a thousand meals daily requires a team of expert dietitians busily engaged in activities such as collaborating with physicians, instructing patients, and planning diets, leaving very little time to do justice to the areas of administration; i.e. personnel, logistics, accounting, food preparation, and sanitation. A "foodservice specialist" is needed, therefore, to take care of the administrative duties.

In research conducted by Sites (10), acceptance by hospital dietitians of contract foodservice in hospital foodservice was studied. Even though only a few dietitians perceived contract foodservice favorably, a number believed that contract services have an appropriate place in hospital foodservice, particularly in management and administration. Significant factors believed to affect the acceptance were administrator's attitude, rapport between foodservice managers and dietitians, implementation procedures, initial orientation, contract negotiations, and the specific terms of the contract. Contract foodservice was not perceived as a threat to dietitians.

Downey stated (1) that hospital administrators are being faced with new challenges and responsibilities in the administration of facilities. The increase in complexity of healthcare facilities

together with the influences of government, financial institutions, and labor unions are requiring more sophisticated management. Administrators are depending on outside professional services more and more for knowledge and expertise to aid in overcoming these difficulties (1).

Shoos, Krizelman, and Newbold reported (11) problems of drastically rising costs of raw foods and labor in a large teaching hospital which motivated the administrative staff to search for alternative ways of managing the foodservice department efficiently and effectively.

Patterson and Boss indicated (6) that shortage of food, the energy crisis, inflation, and unemployment caused organizations concerned with foodservice to look for alternatives to solve the dilemma of cost reduction. They reported that Hearn cited the shortage of administrative dietitians may give contract companies the leverage needed to increase influence in the healthcare field. The issue of profit presents a problem to the contract foodservice company because public hospitals are prohibited from making profit.

Zaccarelli stated (12) that healthcare facilities are faced with the problem of high costs in every department. Providing nutritionally adequate meals to patients within the monetary limitations is a challenge in hospital foodservice management.

Compliance with standards and guidelines from agencies such as the Occupational Safety and Health Act (OSHA), Health System Agencies (HSAs), Professional Standards Review Organizations (PSROs), and Joint Commission on Accreditation of Hospitals (JCAH), and also the introduction of the Medicare and Medicaid Anti-fraud and Anti-abuse Amendments complicated hospital foodservice management (2,3). Furthermore, increased sophistication both in dietetics and nutrition as well as in management and finance are complicating further the management of foodservice departments (2).

Richie indicated (13) that reasons conducive to the use of contract foodservices may be ascribed to the decline in performance of foodservice administrators. Inadequate performance may be the antecedent to cost problems and eventually reflected in dissatisfaction from top level management.

According to Newcomer (8), the present state of the economy has seemingly contributed to the increase in the number of foodservice departments managed by contract companies in healthcare facilities. Ten years ago maintenance of quality of food and service was considered contract foodservice companies' major sales promotion. Instead, ability to contain costs is today's primary selling factor of contract services.

Koncel characterized (3) specific challenges that confront hospital foodservice directors as cost containment, compliance, competence, and commitment. Because of anticipated higher costs of food, labor, and supplies throughout the economy, cost containment will require scrutiny and creativity on the part of the foodservice administrator. Governmental and regulatory agencies will require compliance to a greater number of obligatory standards and guidelines. The challenge of competence demands efficient use of both human and material resources, whereas the challenge of commitment necessitates an obligation for excellence in foodservice operations.

Cost is the primary reason given for the increased use of outside professional services (1,5,6,7,12). One of the outside professional services frequently sought is the management of the foodservice department. Contract companies, however, are faced with similar difficult situations to those of clients (8,14).

A 1980-81 report on contract foodservice indicated (15) contract companies have not escaped the effects of the changes occurring in the

economy including inflation, recession, and unemployment. Furthermore, contract companies continue to be the subject of objection and criticism. In spite of all these difficult situations, according to the report the contract foodservice industry continues to prosper.

Advantages and Disadvantages of Contract Services

Advantages

Strittmatter stated (9) that continuity of management is an advantage offered by contract companies as qualified managers are provided when personnel shortages develop. Training and development of personnel, professional expertise, and savings from volume buying capabilities were other advantages cited. Reduction in labor costs is another advantage identified by proponents of contract companies (5,9,16).

Lebell presented (16) other benefits that clients may derive from contract service companies:

- a. Capabilities and service tailored to the client's requirements
- b. Control of schedules and costs
- c. Fresh ideas and insights to the client's problems
- d. A back-up system to the client's limited capacities, thus eliminating the need for staffing during peak loads.

Shoos et al. asserted (11) that increased services, improved productivity, and management are derived from contract services.

Disadvantages

Meanwhile, contract service companies may pose certain disadvantages. Downey reported (1) that some hospital administrators and department heads have expressed reservations about the impact contract service companies may have on the existing staff and the patient services. Elimination of staff jobs and the implied criticism for past

performance is a concern. As an example, loss of job prestige and authority is inferred as the position title changes to "internal operation manager" from "executive."

Patterson stated (6) that the profit orientation of contract companies is viewed as a disadvantage by foodservice administrators. When a contractor offers and guarantees a profit to go into the general operating expenses of the institution, the independent foodservice administrator may be in a disadvantageous situation. Other disadvantages mentioned by Newcomer (8) include insensitivity on the part of the contractor toward employee needs, the apparent or real division of employee loyalty between company and contracted facility, the limited provision of modified diets by smaller sized contract companies, and contract monopoly.

Contracts

Brown defined (17) a contract as a set of rules that the parties involved agree to abide by for the duration of the agreement. A contract also is viewed as an agreement that creates legal obligations (18).

The components of a contract are the offer, acceptance, and consideration. Every contract is based on an offer or a proposal to exchange a promise or promises. The acceptance of the proposal incurs a commitment to what was promised. The consideration imposes a limitation on one's free choice of behavior and involves an exchange of money, goods, or services in return for the fulfillment of the other party's promise. The presence of these three elements indicates the establishment of a contractual arrangement (18,19).

Types of contracts are based on delineated terms and conditions of price (19). An institution can pay for services rendered by a contract

company in several ways. Contract foodservice companies utilize a variety of contracts. In the profit and loss contract, all objectives and services are itemized separately. The contract company receives return on investments only when the foodservice facility makes a profit.

When a commission contractual arrangement is used, the contract company pays the institution a percentage of the sales for the use of the kitchen facilities (5). The management fee arrangement is another type of contract in which the institution pays the contract company an agreed fee for all operating costs plus a fee to cover overhead expenses and profit. The profit and loss contract places the incentive to save on the contract company as it requires that all expenses be itemized. The management fee contract is the most commonly used (5).

The settlement of a contract is considered a buy and sell transaction made lawful by the Uniform Commercial Code. The Code is the most important body of law regulating business transactions. Buyer and seller, however, are liable to a number of other federal, state, and local regulations as well (19).

Factors in the Evaluation of Contractors

Strittmatter stated (9) that a variety of factors must be taken into consideration when "shopping" for a contract service company. She suggested that the following requirements should be met by the prospective contract foodservice company: (a) satisfaction of dietary needs of patients, (b) continuity of management, (c) training of all professional employees and orientation of all dietary personnel, (d) provision of adequate supervision throughout the foodservice department, (e) maintenance of financial control, and (f) maintenance of the foodservice department cognizant on new developments in the foodservice industry.

Policies, quality, and style differ to a great extent among contractors. The integrity, reputation, limitations as well as size of company, financial structure and history must be assessed carefully in selecting a contract company (20).

Sullivan emphasized (21) that the purchase of the services from a contractor should be approached in the same manner procurement transactions are conducted; i.e. purchase of equipment, maintenance, repairs, operations, materials, etc. Contractors, therefore, are considered suppliers and their offers can be analyzed and negotiated like any other financial transaction. He further described a set of criteria that must be scrutinized when selecting a contractor: (a) determination of main objectives to be attained by the use of the contractor, (b) review of available alternatives, (c) evaluation of the market condition in the area, and (d) engagement in queries.

Elements of cost are present in all contracts and must be known prior to evaluations of offers, conduct of bargaining proceedings, or the performance of contractual arrangements. Definition and clear understanding of all elements of costs in a contract are essential by parties involved (21).

Healthcare facilities in the process of negotiating with contract companies to operate their foodservice department must establish goals and develop their own specifications. The contractor has the responsibility to fulfill these goals (12).

Eyster asserted (22) that during the negotiations of a contract, two movements are exhibited. The contractor attempts to acquire as much control of the facility as possible. Conversely, the facility tries to retain sufficient authority to influence the contractor's performance. Inevitably these two movements are in conflict with each other. The

two parties need to be cognizant of certain conditions such as: (a) characteristics of the contract, (b) contractor's equity contribution, (c) terms of the contract, (d) management of fees, (e) conditions under which contract will be terminated, (f) personnel, (g) budgeting and procurement limitations, and (h) maintenance of finance records.

Eyster further stated (22) that the bargaining strength of the facility and the contractor will influence the outcome of the negotiated services to be offered by the contractor. The factors that increase the contractor's opportunity to gain the contract are: (a) reputation, (b) number of facilities under contract, (c) growth record, (d) range of reliability of contractor's services, (e) extent of contractor's equity contribution, (f) staff experience, (g) flexibility during negotiations, and (h) response to the goals of the facility being contracted. Meanwhile, the factors influencing the bargaining strength of the facility being contracted are: (a) intent to maintain control, (b) experience and management capability, (c) facility's financial commitment and background, (d) type of facility, (e) potential of facility to achieve contractor's financial goals, and (f) opportunity for contractor to improve facility's competitive position in the industry and competition among other contractors for the account.

Eyster concluded (22) that the success of the management-contract agreement will be based on the administrator's skill to negotiate from bargaining positions that are on equal terms and the development of good rapport or relationships during the contract's administration. After the contract is in effect, the administrator of the facility continues to be responsible for the development and administration of the contract for the insurance of high quality service and the maintenance of supervision and control of the department (12,20).

Adequacy of Skills and Knowledge of Administrative Dietitians and Hospital Foodservice Directors

The Study Commission on Dietetics predicted (4) that foodservice companies would be contracting with hospitals to provide management of foodservice departments. The probable expansion of the contract foodservice industry was attributed to a number of factors which are associated with the skills and education of dietitians. In interviews with hospital administrators, the shortage of dietitians adequately trained in all aspects of managerial skills was indicated. Several hospital administrators considered the contract of foodservices more economical than the hospital operated foodservice department. The Commission theorized that contract foodservice may stimulate increased specialization among dietitians and perhaps suggest additional training in the field of management. Due to the increased complexity and sophistication of hospital management, contract foodservices have surfaced as both effective and profitable. Dietitians have, correspondingly, discovered positions of employment with contract foodservice companies.

Yet another finding reported by the Commission (4) is the perceived challenge to the role of the dietitian as a foodservice manager by professionals trained in different areas of foodservice management. Likewise, more and more hospitals are expected to be contracting their foodservice departments to companies which may have management positions filled by both dietitians and other personnel with different foodservice educational and training background.

Hofto and Brush determined (23) hospital administrators' perceptions of the job performance of ADA dietitians in New Jersey employed as department heads. Sixteen of the nineteen dietitians evaluated received managerial ratings of good or excellent.

Clark and Knickrehm studied (24) the personal characteristics and managerial skills that hospital administrators and chief dietitians considered important in chief dietitians. The study disclosed close correlation between the hospital administrators' and chief dietitians' perceptions of the managerial skills and personal characteristics for success in the job. Moreover, the dietitian must know the hospital administrator and keep the lines of communication open at all times.

The American Hospital Association (AHA) delineated (25) a set of guidelines for the hospital administrator to assist in the selection of foodservice administrators. AHA's proposed guidelines focus on personal attributes, professional knowledge, professional skills and competency, and education and training. The foodservice director is expected to demonstrate an interest in all aspects of the healthcare field, be enthusiastic in keeping current of changes in the profession, be sensitive in interpersonal relationships, and maintain high professional ethical standards. Professional expertise in the foodservice director requires comprehensive knowledge of the principles of foodservice administration to include purchasing, food production and distribution services, administration and management concepts, personnel administration, sanitation techniques and cost accounting. Detailed knowledge of nutrition and general knowledge of therapeutic nutrition also is required.

In the area of professional skills and competency, the foodservice director is expected to be able to perform and teach all duties associated with the procurement, storage, preparation, and service of food within the established organizational constraints (26). As a member of the management team, AHA indicates the foodservice director will be called upon to share in the establishment of overall standards and goals of the health-care facility (26).

The American Dietetic Association (ADA), in a position statement on the administrative dietitian, recommended (26) that the director of a foodservice department should be a registered administrative dietitian and a member of the management team in the facility with which the foodservice department is identified. The hospital administrator should be able to look to the administrative dietitian as a leader in solving problems and meeting current demands in the foodservice department. Correspondingly, the administrative dietitian is considered a professional who influences directly or indirectly the nutritional care of individuals through the competent management of the foodservice department.

Effective use of resources, participation in the development of overall objectives in the organization, and the accountability for the development and achievement of departmental goals are additional responsibilities of the administrative dietitians. The following functions for the director of a foodservice department were identified: (a) planning and allocation of resources, (b) establishing and maintaining standards for technical operations, (c) planning and development of the workforce, (d) effective financial accountability, (e) development of communication systems, (f) designing of foodservice facilities, (g) planning and managing change, and (h) the exercise of control (26).

Loyd and Vaden analyzed (27) the opinions of hospital dietetic practitioners on essential administrative and clinical competencies of entry-level dietitians. Twenty-three of forty-seven administrative competencies were classified as essential. Several of the administrative competencies considered essential included the maintenance of quality and quantity controls, encouragement and motivation of personnel to provide optimal service, maintenance of effective communication with

personnel, maintenance of sanitation, identification and analysis of problems, coordination of use of labor and equipment, and the maintenance of current knowledge of new methods in administrative management. Knowledge of market trends and economic constraints were reported as also needed by the administrative dietitian.

METHODOLOGY

The basic concept of this research was the collection of assessments of contract foodservice by a panel of experienced hospital administrators, foodservice directors and contracting company executives. Semi-structured telephone interviews were chosen as the means of data collection.

Selection of Sample

The intent of this research was to ascertain the opinions of hospital foodservice directors, hospital administrators, and representatives of contract foodservice companies regarding the future development, advantages, and disadvantages of contract foodservice. To assure minimal bias in the responses, the interviewees were chosen in equal numbers from hospitals operating their own foodservice, those with contracted foodservice, and ones reverted to self operation after termination of a contract. The same number of representatives of contract foodservice companies was included in the total interview sample.

The selected sample included eight foodservice directors and eight administrators from hospitals in each of the three categories of foodservice management representing twenty-four institutions. The entire sample was twenty-four foodservice directors, twenty-four hospital administrators, and eight representatives of contract foodservice companies for a total of fifty-six professionals.

Prospective respondents were selected initially in conference with faculty advisors. The number of foodservice directors in self operated and contract foodservices was adequate. Difficulty was encountered in identifying directors from facilities with terminated contracts, but

the few agreeing to participate gave names of other hospitals in the category. The basic criterion was that the selected interviewees meet the desired sample distribution for numbers of personnel types in the three categories of foodservice management. An essential was that in each of the foodservice categories the foodservice director and the hospital administrator be from the same institution. The contract foodservice companies in the study were limited to those identified by Newcomer (8) as giants or medium sized in the industry based on dollar volume of business. Geographic areas were not considered in making the selections of respondents.

Development of Interview Guide

The telephone was selected as the medium for the semi-structured interviews instead of personal visits for reasons of convenience and economy. The use of a mail questionnaire also was rejected because of the controversial issues to be discussed and the exploratory nature of the research. A guide was developed to assure uniformity in the interview procedure. The first draft of questions for the interview was developed from literature on contract foodservice and interview techniques. Open ended questions were designed to encourage participants to give opinions regarding the contracting of foodservice in healthcare facilities. Stone characterized (28) the open ended question as one permitting the interviewee to respond with freedom. Specific probe questions were included to assist respondents in providing relevant answers. According to Stone (28), probe questions may be used to insure clarification of responses. The original interview guide had six major questions to be answered by all participants (Appendix A).

There was an additional question for foodservice directors and hospital administrators in each of the three types of foodservices.

The first draft of the questions was evaluated by three dietitians, one hospital foodservice director, and two hospital administrators not in the interview sample. The evaluation was to assure clarity of the questions, locate ambiguities or repetition of content, and seek constructive comments and suggestions.

Pertinent constructive suggestions resulted in the revision of a number of questions and the deletion of others. In question 2, reasons for the increases in the number of foodservices managed by contract companies, deleted probes pertained to tax laws, health systems agencies, unemployment, food shortages, and types of foodservice systems. A probe in question 3, advantages offered by contract foodservice companies, was changed from efficiencies of a profit making company to those derived from providing services to several hospitals. Another probe in question 3 which focused on capabilities of quantity buying was incorporated with a probe on corporate resources. In question 4, which addressed disadvantages of contract foodservice, probes considered ambiguous and eliminated included insecurity, suspicion and fear, and implied loss of prestige and authority. Question 5, which addressed profit orientation was considered repetitious of question 3 and, therefore, was omitted. Question 6, which delved into the factors believed to stimulate an administrator to start considering prospective contractors was considered redundant and also excluded. An additional question, pertaining to the kind of management provided, was included for the representatives of contract foodservice companies. Foodservice directors were requested to indicate membership or nonmembership in The American Dietetic Association (ADA).

The second draft of the interview guide was practiced by telephone with one dietitian and one hospital administrator not included in the interview sample to determine an estimated time for the interview. An abbreviated form of the guide was designed to give the respondents a preview of questions to be discussed in the interview (Appendix B).

The interview guide included the following four general questions to be answered by all respondents:

- QUESTION 1: The literature shows that contract foodservice companies manage the foodservice facilities in approximately 20 per cent of the healthcare institutions. Do you believe that this trend will continue?
- QUESTION 2: What do you think are the major reasons for the increase in the number of facilities managed by contract foodservice companies in the healthcare field?
- QUESTION 3: What is your opinion regarding the advantages offered by contract foodservice companies?
- QUESTION 4: What is your opinion concerning the disadvantages of contract foodservice in healthcare facilities?

For specificity, probes were appended to questions 2, 3, and 4. An additional open ended question was included for the foodservice director and hospital administrator in the three categories of foodservice either hospital operated, contracted, or hospital operated following a terminated contract (questions 5 through 7). Question 8, also open ended, was directed to the representatives of contract foodservice companies. The final version of the interview guide and the abbreviated version for interviewees were reviewed by the faculty project advisor prior to use in the telephone interviews.

Procedure for Soliciting Participation

Solicitation of prospective interviewees was done by telephone. A guide for telephone conversations was used during the preliminary

communication to assure uniformity of information provided (Appendix C). The objective and scope of the study was described, and permission was requested to tape record the interviews. One foodservice director from a contracted foodservice declined to have the interview recorded and thus was excluded from the sample because of the difficulty in recording complete responses. Prospective participants were assured that anonymity would be preserved. The length of the proposed interview was indicated as approximately fifteen minutes. Hospital foodservice directors then were asked to solicit the participation of the hospital administrator or person to whom they reported in an associated interview. One hospital foodservice director in a self operated foodservice department declined to identify the administrator and was replaced by another director since the intent was to have matched pairs of respondents (i.e. foodservice directors and hospital administrators from the same institution.) Participants were offered a summary of the study upon its completion.

The dates and time of interviews with all the selected and acquiescent participants were established with the foodservice directors at the time of the initial telephone call. Letters were forwarded to the foodservice directors who had agreed to participate to confirm the date for the interview and to summarize the telephone conversation. The abbreviated interview guide (Appendix B) was included to prospective foodservice director interviewees with a confirming letter (Appendix D).

Hospital administrators identified by the foodservice directors were reached initially by letter. The objective of the study was explained and participation in a fifteen minute interview solicited. Permission to tape record the interview was requested. The prospective participants were assured that anonymity would be maintained. The hospital administrators were offered a summary of the study upon its completion. The

initial letter was accompanied by a reply form (Appendix D) which indicated acceptance or declination to participate in the study. The administrator was asked to indicate suitable times for an interview. A stamped, addressed envelope was enclosed to facilitate response.

Four hospital administrators, two in facilities with contracted foodservice and two in self operated institutions following a terminated contract, refused to participate thus disqualifying the four associated foodservice directors from the study. Because hospital foodservice directors were the means by which hospital administrators were identified, four more directors in the required category were reached by telephone. The same procedure for requesting participation was followed as with the previous group of hospital foodservice directors.

Dates and times of interviews with hospital administrators were established based on the information provided on the returned reply form. The exact time of the interview was scheduled by telephone. A letter followed to confirm the date (Appendix D) and was accompanied by a copy of the abbreviated interview guide (Appendix B). Addresses and telephone numbers of foodservice directors and hospital administrators were obtained from the American Hospital Association Guide to the Health Care Field (29).

Participation of the initially selected representatives of contract foodservice companies was sought by telephone followed by a letter of confirmation (Appendix D). A guide for the telephone conversation was used during the preliminary telephone communication to assure consistency of information (Appendix C). The representatives of contract foodservice companies all agreed to participate in the study. Addresses and telephone numbers of contract companies were taken from the Directory of Corporate Affiliations (30) and the Reference Book of Corporate Management (31).

Interview Procedure

The telephone interviews were conducted during the months of June, July, and August, 1980. Foodservice directors, hospital administrators, and representatives of contract foodservice companies were interviewed by telephone on appointed dates and times. Telephone interviews were recorded by means of a tape recorder connected to a pick up coil attached to the ear position of a handset.

The interview guide (Appendix B) was followed in all interviews. The four general questions for all participants (questions 1 through 4) included probes to assist the respondents in providing relevant information. Tapes with recorded interviews were numbered individually. Corresponding interview guides (Appendix B) were identified with the date of interview, name of respondent and organization with which associated, and number of taped interview.

Data Analysis

The analysis began by listening to the tapes and transcribing the responses to each individual question and probe on a separate 5 by 7 inch card. The initial sorting consisted of separating the responses to each question and probe according to the category of the interviewees; i.e. foodservice director and hospital administrator with either hospital operated, contract, or hospital operated foodservice following a terminated contract and contract company representative.

In the second sorting, the answers to each question were listed together for each of the responding categories. These lists of responses thus contained the essential information for tabulation and analysis. The criterion for inclusion in the response tabulation was the same

answer by four or more of the interviewees. The responses to the four major questions were tabulated separately. Because of the small number of respondents in the various categories, frequencies rather than percentages were used in the tabular presentation of data.

RESULTS AND DISCUSSION

General Information

A total of fifty-six individuals were interviewed by telephone. The interviewees consisted of twenty-four foodservice directors, twenty-four hospital administrators, and eight representatives of contract companies. Fourteen of the foodservice directors were registered dietitians and the remaining ten were from foodservice management fields other than dietetics. This difference in backgrounds confirms the statement by the Commission on Dietetics (4) that contract foodservice companies may have management positions filled by both dietitians and other professionals with dissimilar training and experience in the field of foodservice management.

Interview Survey

Trend of Contract Foodservice in Healthcare Facilities

Table 1 shows responses of interview participants to the first question of the interview concerning the trend of contract foodservice in healthcare institutions in the future. As shown in the table, a greater number of participants indicated the belief that contract foodservice in healthcare facilities will be maintained or increased. Forty of the fifty-six participants responded affirmatively to this question. Seven of the eight participants representing contract foodservice companies believed that the use of contracts will be maintained or increased. Such a response could have been anticipated from participants representing contract foodservice companies. Six of the foodservice directors and hospital administrators in institutions with self operated foodservice

Table 1: Interview participants' forecast of the future of contract foodservice in healthcare institutions

groups interviewed ¹	forecast of contract foodservice		
	will be maintained or expanded	may continue	will decline
_____ no. of participants _____			
foodservice directors in hospitals with:			
self operated foodservice	4	2	2
contracted foodservice	8	-	-
terminated foodservice contract	6	1	1
administrators in hospitals with:			
self operated foodservice	3	3	2
contracted foodservice	8	-	-
terminated foodservice contract	4	4	-
representatives of contract foodservice companies	7	1	-
total	40	11	5

¹Each group included eight interviewees.

departments believed the usage of contracts will or may continue. All but one of the foodservice directors and hospital administrators with terminated contracts gave a similar response. This finding is in accord with the report of the Study Commission on Dietetics (4) which theorized that contract foodservice companies would manage more foodservice departments in healthcare facilities. Eleven of the participants agreed that contract foodservice may continue in hospitals dependent on certain factors which included size and geographical location, availability of skilled foodservice managers, and contractors' ability to convince hospital administrators of the virtue of contract foodservice. The following comments were among those concerning the future of contract foodservice in healthcare facilities:

"The trend will continue and I believe the 20 per cent [of contracted foodservices in hospitals] will show an [increase] in the next 20 years."

"I have seen a dramatic increase [in the number of contracted foodservices in hospitals] in the last year, and it will be more dramatic in the next five years."

"I believe that in the [near] future, it will be more than 20 per cent, by far."

"Yes, the trend will continue, but [the 20 per cent of contracted foodservices in hospitals] will not increase."

Negative opinions were expressed by three foodservice directors of self operated foodservice departments and those having terminated contracts. Similarly, two hospital administrators of institutions with self operated foodservice departments believed the trend would not continue. The following were typical negative comments supporting the belief that the trend would not continue:

"New hospitals are getting together with cooperative purchasing and other sort of shared services, making themselves a better purchasing group. This action may have an effect in reducing the increase in the number of places going into contract with foodservice companies."

"There are consortiums that are going together [forming personnel] pools to provide hospitals with groups of people that they can pull from, so that they wouldn't have the need of a contract foodservice company."

"I doubt it. I think [that] there are more qualified people being placed into the [hospital foodservice] market place."

Reasons for Increases in Contracted Foodservice

Sophistication in Management and Finance: In table 2, the responses of participants regarding the reasons for the increases in the number of contracted foodservices in hospitals are summarized. Thirty-nine of the fifty-six participants identified greater sophistication in management and finance as one of the major reasons for the increase. More foodservice directors than hospital administrators responded positively to this question.

Expertise in hospital foodservice, strong management orientation, ability to stay current on new trends in hospital foodservice management, and especially applicable to small and geographically isolated facilities were among factors identified. Foodservice directors believed the increased use of contract foodservices can be attributed to the lack of management skills by dietitians. Hospital administrators stated a need for expertise exists in foodservice management because of increased specialization in all areas of healthcare. Although foodservice directors appeared to be critical of the training of dietitians, hospital administrators' concerns apparently focused on the insufficient number of available qualified foodservice managers. This finding supports the Study Commission on Dietetics (4) which stated that contract foodservice may stimulate increased management specialization among dietitians. Also, this statement is supported by the research of Loyd and Vaden (27) concerning administrative competencies in management.

Table 2: Reasons cited by interview participants for increases in the number of hospitals contracting operations of foodservice departments

reasons cited	groups interviewed ¹							
	foodservice directors in hospitals with				administrators in hospitals with			
	self ² oper. fs	contr. ³ fs	term. ⁴ fs	contr. ⁴ fs	self oper. fs	contr. fs	term. fs	rep. ⁵ contr. fs co.
total								
increased sophistication in management and finance	39	6	8	5	3	6	3	8
advanced technology	34	4	8	4	2	6	3	7
higher costs	32	3	7	4	1	6	4	7
difficulty in recruiting qualified foodservice managers	29	8	3	3	2	5	3	5
influences from government and regulatory agencies	29	2	8	3	3	5	1	7

¹Each group included eight interviewees.

²Self oper. fs = self operated foodservice department.

³Contr. fs = contracted foodservice department.

⁴Term. fs contr. = foodservice department having terminated a contract.

⁵Rep. contr. fs co. = representatives contract foodservice companies.

Table 2: Continued

reasons cited	groups interviewed									
	foodservice directors in hospitals with				administrators in hospitals with					
	total	self oper. fs	contr. fs	term. fs contr.	self oper. fs	contr. fs	term. fs contr.	rep. contr. fs co.		
no. citing each reason										
increased financial accountability	27	3	6	3	1	4	3	7		
fast growth of healthcare facilities	27	3	5	2	2	5	4	6		
quality assurance	25	3	8	2	1	5	-	6		
increased sophistication in nutrition and dietetics	25	2	7	1	2	6	2	5		
influence from labor unions	19	1	6	4	2	3	2	1		
resources offered by contract foodservice companies	15	1	3	1	-	6	3	1		
size and geographical location of institutions	11	1	1	2	4	1	1	1		
pressures for cost containment	10	-	2	2	1	1	-	4		
decreased pressures from day-to-day operational responsibilities	5	1	1	1	-	2	-	-		

The following were typical comments of foodservice directors in self operated departments and those with terminated contracts:

"If the foodservice manager does not have good skills and can utilize people they may [have to contract the foodservice department]."

"There are more dietetic students in clinical [whereas] there are so few in management and the need [for skilled personnel in foodservice management] is tremendous."

"In the business area they [companies] have that expertise. In a small hospital with only one dietitian who can't do everything [contract foodservice can be beneficial]."

"We are not educating ourselves [dietitians] in the [management] techniques. There is not enough emphasis in The American Dietetic Association to combat the problems [facing hospital foodservices]. Dietitians lack training in management as well as communicative skills."

Six hospital administrators with self operated foodservice departments and those having terminated contracts believed increased sophistication in management and finance would be a motivating factor for contracting foodservice. Two hospital administrators expressed the following comments:

"That would lead to it [contracting of the foodservice department]. The emphasis [of companies] has been on management and the ability to come in [the facility] and physically manage."

"In some hospitals where the overall sophistication in the entire hospital has kind of moved ahead of the ability of foodservice to keep up, where it makes the foodservice management system not that well developed. Quite frequently, contract companies can step in and provide what's needed."

Only one hospital administrator was critical of the management training of dietitians.

Ten administrators with hospital operated or terminated contract foodservice departments responded negatively when asked if they considered increased sophistication in management a major reason for the growth of contract foodservices in hospitals. The negative responses included:

"If the hospitals have a good finance department, hospitals can provide enough management reporting to support any manager."

"Only in the beginning [of the contract]. The first year, the company saves money, but after the third year the company is not saving the facility any money."

Advanced Technology. Thirty-four of the fifty-six interviewees considered advanced technology a major reason for the increase in the use of contract foodservice in hospitals. Seven of the eight representatives of contract foodservice companies believed advanced technology to be a determining factor in the decision to contract foodservice. Half of the foodservice directors in hospitals with self operated or terminated contract foodservice departments believed advanced technology to be an influential factor. Downey reported (1) that advanced technology is bringing complex procedures into healthcare, thus presenting hospital administrators with new challenges and responsibilities in administration. Among the comments of respondents concerning advanced technology as a major reason for the increase were:

"The reason for that [increase] is that in a [contract] company, they have resources and have people out checking on the latest systems, and they are very knowledgeable, that an individual manager may not have the time nor the resources to do that."

"I think they [companies] can keep the hospital tuned in much closer to what's happening in the industry."

"For the successful management of these [foodservice] departments, they have become so complicated and sophisticated that you need expertise, assistance and consulting on what is available in a given institution. An outside contract company is specialized in the delivery of a particular service."

"A lot of hospitals are putting in sophisticated systems, who can't run them; [therefore], they go to contract companies who have the knowledge and skill to run these systems."

Various hospital administrators and foodservice directors with self operated or terminated contract foodservice departments did not believe that contract companies utilize more advanced technology than hospital operated facilities can provide. One foodservice director responded: "It depends [on whether] they [hospital] have a manager that is sharp and keeps up [with the latest trend in the foodservice industry]." In concurrence, a hospital administrator stated: "If the hospital sends you [foodservice director] to state and national conventions, they can acquire this information."

Higher Costs. When participants were asked if they believed higher costs to be a major reason for the increase of contract foodservice operations in hospitals, thirty-two responded positively. All but two of the respondents in contracted foodservice facilities and representatives of contract foodservice companies perceived higher costs as one of the major reasons for the increase. Various authors (1,6,8,12) supported this belief that cost is one of the primary reasons for the increased use of food management companies. Interestingly, more foodservice directors (fourteen of twenty-four interviewed) than hospital administrators (eleven of twenty-four interviewed) indicated higher costs to be a major reason for the increase. Foodservice directors of hospital operated foodservice departments and those having terminated contracts expressed the following opinions of higher costs as a major reason for the increase:

"I think hospital administrators are always looking for ways to cut cost. I think it's going to be more so [in the future] and they naturally look at dietary as a place to save money."

"They [companies] will save money [because] they'll bring in programs that are more business-like."

"I think that during the inflationary times we are going through, hospitals are trying to hold their costs and are seriously looking at contract foodservice companies as possibly being an answer to bring down some of this inflationary [effect], through some of their savings techniques."

"I think that cost out of control is a definite factor [for the increase]."

Four hospital administrators in institutions having terminated a foodservice contract believed that contract foodservice companies provide substantial savings, particularly in labor and food costs. One hospital administrator stated: "Food, labor, and supply costs require a better management and better use of [those] resources." This finding concurs with the Study Commission on Dietetics (4) which reported that several hospital administrators indicated they considered the contract of foodservice operations more economical than the hospital operated foodservice department.

Negative responses to higher costs as a major reason for the increase of contract foodservice operations in hospitals included the following: higher costs have no relationship to the increase; contract foodservice companies are incapable of lowering costs, particularly labor; and higher costs are considered a management problem. One hospital administrator commented: "I think there are a lot of administrators that don't know much about the food operation and a lot of them [would rather] see the department go to a contract company."

Difficulty in Recruiting Qualified Foodservice Managers. Twenty-nine of the fifty-six interviewees cited difficulty in recruiting qualified foodservice managers as another major reason for the increase in the number of contract foodservice operations in healthcare facilities. Following were comments made by foodservice directors of hospital operated or terminated contract foodservice departments attributing

the increase of contract foodservice operations to the shortage of qualified foodservice managers:

"In my estimation, that's the reason they [contract companies] got started. There is a demand for them, and we don't have enough qualified dietitians in management to really know how to cope with the problems that occur in managing the administrative aspects [in the foodservice department]."

"The explosive growth [in healthcare] has decreased. Higher management is now adjusting in most cases, but there are still situations where few management companies are needed because, the administration or higher management is not yet adjusted or is incapable of securing a qualified person to head dietary."

"Primarily because of the inability of hospitals to get qualified people to run their own foodservice operations."

"As I have experienced, the major reason that I saw administrators switch to contract services was because they were without a [foodservice] director and were having difficulty in recruiting a qualified person, and the other factors came into play."

Similarly, hospital administrators with self operated foodservice departments and those having terminated a contract attributed the increased use of contract foodservices in healthcare institutions to the shortage of trained personnel in hospital foodservice management. This information may suggest that hospital administrators' interpretation of the lack of qualified skilled hospital foodservice managers is in quantity rather than quality of training. To cite an example, one hospital administrator stated: "Lack of qualified management personnel [is the reason for the increase]. We need more experts in the foodservice field and contract foodservice companies provide that expertise." All representatives of contract foodservice companies supported this belief.

Sophistication in Nutrition and Dietetics. Participants were asked if increased sophistication in nutrition and dietetics exerted a similar

influence on the growth of contract foodservice operations in hospitals. Twenty-five of the fifty-six participants responded positively to this question. This finding agrees with the Study Commission on Dietetics (4) which stated that due to the increased complexity and sophistication of hospital management, contract foodservice would become more attractive. Likewise, Food Management Magazine (2) published a report on hospital foodservices which stated that increased sophistication both in dietetics and nutrition and in management and finance would contribute to the transformation of foodservice facilities into operationally confusing departments. The majority of the interviewees representing contract foodservice cited this factor as a major reason for the increase whereas those in hospital operated facilities seemed to oppose this belief. Reasons given for the growth due to increased sophistication in the area of dietetics included the contract companies' provision of expertise in dietetics, group approach to management, continued effort to stay current with the latest trends in dietetics, and in addition the shortage of dietitians and the size of the hospital.

Negative opinions were expressed by thirteen foodservice directors and twelve hospital administrators with self operated or terminated contract foodservice departments. Among the negative comments were:

"I don't think [contract] companies have that much expertise in the clinical portion [of hospital foodservice operations]."

"I doubt that [increased levels of sophistication in dietetics] would be any kind of prime factor to persuade the administrator's mind to consider a national foodservice contract company."

"In the area of dietetics and nutrition, the hospital can handle that, quite well. I think they [hospitals] would be overpaying for things like that."

"Contract companies would not be valuable to us in that area because our dietitians go to the same training the contract dietitians go to."

Size and Location of Hospitals. Eleven of the fifty-six participants cited specifically the size and geographical location of hospitals as one of the major reasons for the increase in the number of contract foodservice operations. Four hospital administrators believed contract foodservice was particularly attractive to smaller hospitals due to a lack of sophistication in comparison with larger institutions. A hospital administrator stated: "I think that contract foodservice companies have the best applicability in smaller institutions." The elements of size and geographical location of institutions as factors influencing the decision to contract a foodservice department were often mentioned in conjunction with other reasons such as increased sophistication in management, advanced technology, lack of qualified skilled foodservice managers, higher costs, influences from governmental and regulatory agencies and fast growth of healthcare facilities.

Additional Comments. Other reasons cited by an appreciable number of interviewees for the increase were the following: influence from government and regulatory agencies, increased financial accountability, and quality assurance. Smaller numbers cited these reasons for the increase: influence from labor unions, resources offered by contract foodservice companies, pressures for cost containment, and decreased pressures from day to day operational responsibilities.

In general, more foodservice directors than hospital administrators with self operated or terminated contract foodservice departments responded positively to questions concerning reasons for the increased use of contract foodservice operations in hospitals. This finding may imply an increase in acceptability of contract foodservice companies by foodservice directors including dietitians. Sites, in a study conducted on dietitians' attitude toward contract foodservice in hospitals, reported (10) that half

of the participants in the research project believed contract foodservice had an appropriate place in hospital foodservice, especially in management and administration.

Advantages Offered by Contract Foodservice Companies

Efficiencies from Repetition of Services. Table 3 summarizes participants' responses concerning the advantages offered by contract foodservice companies to healthcare facilities. Efficiencies derived from the provision of services to different hospitals received the greatest number of positive responses. The following supportive comments were expressed by participants:

"If you have [for example] 350 dietary departments across the country, just the knowledge gained from the operation of those units and the sharing of that knowledge is invaluable."

"There is exposure to more qualified people and the staff can then take this information to other hospitals and pass it on."

"It's an advantage, especially in short-term hospitals [particularly if hospitals] are small ones and cannot afford to pick up those areas of expertise [on their own]."

"That, in part, is connected to an efficiency related to understanding and interpreting a lot of regulations pertaining to foodservice. We feel we get a lot of consultation in that area and that helps [the facility]. It also has the side benefit of flexibility."

A foodservice director of a hospital operated foodservice department had a negative view:

"What they [companies] tend to do is to make each hospital fit the contract company's pattern. I think that every institution has its own needs related to the goals of the institution. So, I think there is some danger in this standardization."

Availability of Corporate Resources. Forty-nine of the fifty-six interviewees responded that resources of corporate offices of contract foodservice companies were advantages. Among the resources cited were

Table 3: Advantages cited by interview participants of contracting foodservice operations in healthcare facilities

advantages cited	groups interviewed ¹							
	foodservice directors in hospitals with				administrators in hospitals with			
	self ² oper. fs	contr. ³ fs	term. ⁴ fs	contr. ⁴ fs	self oper. fs	contr. fs	term. fs	rep. ⁵ contr. fs co.
	total							
efficiencies derived from providing services to different hospitals								
	50	6	8	7	7	7	7	8
availability of corporate resources								
	49	7	8	7	7	7	5	8
provision of back-up systems								
	49	7	8	6	7	7	6	8
specialization in the field of foodservice management								
	47	6	8	5	6	7	7	8

¹Each group included eight interviewees.

²Self oper. fs = self operated foodservice department.

³Contr. fs = contracted foodservice department.

⁴Term. fs contr. = foodservice department having terminated a contract.

⁵Rep. contr. fs co. = representatives contract foodservice companies.

Table 3: Continued

advantages cited	groups interviewed									
	foodservice directors in hospitals with			administrators in hospitals with			no. citing each advantage			
	total	self oper. fs	contr. fs	term. fs contr.	self oper. fs	contr. fs	term. fs	rep. contr. fs co.		
fresh ideas and insights to problems	42	7	8	4	3	7	5	8		
capabilities tailored to facilities' needs	41	5	8	7	3	6	4	8		
optimum utilization of resources	38	6	8	4	3	6	3	8		
relief from daily pressures	36	6	7	4	3	6	2	8		
control of schedules and costs	35	5	6	4	3	5	5	7		
continuity of management	34	4	8	4	2	6	2	8		
reduction in labor costs	33	5	8	3	4	4	4	5		
applicability to small hospitals	13	2	-	2	3	1	3	2		

national buying power, standard diet manuals, quality standards, standard policies and procedures, expertise in all areas of hospital foodservice management, and facilitated recruitment of qualified foodservice managers.

Among the comments of participants concerning advantages offered by contract foodservice companies were:

"There've got to be advantages in the economics of size. In other words, the management corporation is running many foodservices [therefore] they have the advantage [for instance of volume] buying."

"[The foodservice administrator] has the advantage of having a supportive staff from the contracted services if they were developing systems and programs."

"If there is a problem in the [foodservice] department which needs to be corrected immediately, they [companies] can put resources and the people to work on correcting the problem in a short period of time."

"Usually, they [companies] have more competent leadership within their foodservice administrators. They are able to recruit and hold good, strong managerial people."

"The [resources] are always available to the dietitian to stay on the track and you have the backing from the [district] supervisor to see that the goals are achieved and that the department is functioning satisfactorily."

Provision of Back-up Systems. Back-up systems identified by participants included purchasing systems, training programs, personnel pool, consultants, and computer support. Downey listed (1) similar advantages. Interviewees often identified back-up systems as an advantage concurrently with resources offered by contract foodservice companies. This may explain the similarity in responses to both inquiries in the consideration of corporate resources and back-up systems as advantages of contract foodservice operations. The observations concerning back-up systems included:

"If the hospital does not provide expertise on site, they have the company's back-up such as the purchasing power, training programs and resources. That's what you really buy."

"The advantage lies in the fact that you have support systems behind you. The [corporate] office is generating information for you that you may not have time to find yourself."

"[With the contract company] it's easy to call for a special service if you have the backing of the company. You have more probable back-up [personnel] for sickness and vacation relief, especially in smaller communities."

"The advantage, primarily, is the basis for management that [companies] provide [such as] management personnel, back-up [systems] and so forth."

Two foodservice directors of hospital operated foodservice departments expressed negative opinions:

"Your location manager [hospital hired] should have that knowledge [search and utilization of resources]."

"Back-up systems are also available to the independent hospital, if the dietitian would get [motivated] and go look."

Specialization in Foodservice Management. Thirteen hospital administrators and eleven foodservice directors with hospital operated or terminated contract foodservice departments considered specialization in the field of hospital foodservice management an advantage offered by contract foodservice companies. To cite an example, a hospital administrator in a facility with a terminated foodservice contract stated: "If you are associated with a good successful tried company, the advantages are that you have more expertise at all different levels and you have experts to consult with as to how [the] dietary department should be managed." Almost all interviewees representing contract foodservices responded positively to this statement.

Five foodservice directors, two in hospital operated facilities and three in facilities with terminated foodservice contracts, expressed opposing views to other responses. Among the negative responses were:

"I don't think that it's any advantage over the properly qualified person that you hire yourself."

"Even though they [companies] may quote to have hospital expertise, they very frequently send their managers into a hospital to become foodservice directors that have no prior experience [in hospital foodservice management] and are expected to [provide] the leadership that is necessary."

Fresh Ideas and Insights. Almost half of the foodservice directors (eleven of twenty-four interviewed) and one-third of the hospital administrators (eight of twenty-four interviewed) in institutions with self operated or terminated contract foodservice departments gave positive responses when asked if they believed contract foodservice companies brought in fresh ideas and insights to problems. This finding corroborates Lebell who reported (16) that a benefit derived from contract service is providing fresh ideas and insights to the client's problems. One hospital administrator explained: "They [companies] have an advantage in that they are dealing from a broader base. They have available all the ideas that have been tested in other hospitals. But we [hospital operated] can do the same."

Three foodservice directors and one hospital administrator, however, indicated the advantage of providing new ideas and insights to client's problems would depend on the competency of the contract foodservice company and the skills of the manager. The participants who expressed opposite views believed contract foodservice companies do not provide any more new ideas than could a competent foodservice manager.

Capabilities Tailored to Needs. Half of the foodservice directors with hospital operated or terminated contract foodservice departments cited contract companies' ability to tailor own capabilities to meet facilities' needs as an advantage. Lebell theorized (16) that another advantage derived from contract service is that capabilities and service are tailored to the facilities' requirements. Seven of the twenty-four

hospital administrators of self operated foodservice departments or those having terminated contracts concurred in this belief. Three foodservice directors, however, commented that the advantage is dependent on the type of facility and the hospital administration.

Negative opinions were expressed by nine hospital administrators with self operated or terminated contract foodservice departments.

Among the negative responses were:

"Any foodservice operation, whether it is in-house or run by contract foodservice, is tailored to fit the institution."

"I don't think that happens as much as the companies like to claim it does."

"There isn't a whole lot that a foodservice company can do that you should not be able to do yourself."

Applicability to Small Hospitals. Size of hospital was often cited as a factor in the determination of the advantages offered by contract foodservice companies. Seven hospital administrators and four foodservice directors believed the advantages of contract foodservice companies to be greater in smaller institutions.

The comments of hospital administrators considering contract foodservice companies advantageous to smaller facilities included:

"In a large installation, I have to say no [there is no advantage]. I can see some advantages in smaller institutions [in] that it's difficult to acquire qualified personnel."

"Purchasing power and corporate resources are advantages, especially toward the smaller operation."

"In a smaller facility, that doesn't have the sophistication [such as] in the purchasing operation or perhaps the sophistication in the management of the foodservice department, not always, but sometimes, the companies with all the back-up [systems] that they have, can operate a foodservice [department] cheaper with better quality."

"Food management companies, especially for smaller institutions, have more creative ideas."

"They [companies] can offer expertise to small hospitals, initially."

Advantages of contract foodservice companies that participants considered applicable to smaller institutions were efficiencies derived from providing services to different hospitals, corporate resources and back-up systems, provision of specialized expertise in management, and fresh ideas and insights for the foodservice management process.

Additional Comments. Other advantages cited included the following: optimum utilization of resources, relief from daily pressures, control of schedules and costs, continuity of management, and reduction in labor costs. Hospital administrators also listed avoidance of labor union influence and accountability of performance through a contractual agreement as positive aspects. One hospital administrator stated: "They [companies] give everybody an incentive to do well."

One hospital administrator and one foodservice director indicated that they did not perceive contract foodservice companies offered any advantages to healthcare facilities. A large majority of participants, however, expressed positive views toward the advantages offered by contract foodservice companies.

Disadvantages of Contract Foodservice in Healthcare Facilities

Conflict in Goal Attainment. Table 4 summarizes participants' responses of the disadvantages of contract foodservice in healthcare facilities. Thirty-two of fifty-six interviewed identified conflict in goal attainment as a major disadvantage of contract foodservice operations. Twelve foodservice directors and eleven hospital administrators with hospital operated or terminated contract foodservice

Table 4: Disadvantages cited by interview participants of contracting foodservice operations in healthcare facilities

disadvantages cited	groups interviewed ¹									
	foodservice directors in hospitals with					administrators in hospitals with				
	self ² oper. fs	contr. ³ fs	term. ⁴ fs	contr. ⁴ fs	total	self oper. fs	contr. fs	term. fs	rep. ⁵ contr. fs	co. co.
conflict in goal attainment	32	6	1	6	6	5	5	3		
division of employee loyalty	32	7	3	4	5	6	2			
inadequate provision of modified diets	26	3	3	2	6	4	7	1		
negative reaction of personnel to contract company	24	3	4	3	4	2	5	3		

¹Each group included eight interviewees.

²Self oper. fs = self operated foodservice department.

³Contr. fs = contracted foodservice department.

⁴Term. fs contr. = foodservice department having terminated a contract.

⁵Rep. contr. fs co. = representatives contract foodservice companies.

Table 4: Continued

disadvantages cited	groups interviewed									
	foodservice directors in hospitals with			administrators in hospitals with						
	total	self oper. fs	contr. fs	term. fs contr.	self oper. fs	contr. fs	term. fs contr.	rep. contr. fs co.		
									no. citing each disadvantage	
loss of control of foodservice operations	23	4	1	4	5	2	7	-		
high turnover of management	18	2	2	3	2	3	4	2		
cost	16	5	1	3	3	-	3	1		
loss of flexibility	10	2	1	2	2	1	2	-		
profit making orientation	7	4	-	1	1	-	1	-		

departments perceived conflict in goal attainment to be a disadvantage. Seven of the foodservice directors and three hospital administrators with contracted services did not cite this as a disadvantage.

Seven foodservice directors and five hospital administrators with hospital operated or terminated contract foodservice departments considered conflict in goal attainment dependent on the goals of the hospital, skills of the foodservice manager, and type of management company. Zaccarelli stated (12) that healthcare facilities, in the process of contracting foodservice departments to contract foodservice companies, must establish goals and develop their own specifications. The contractor then has the responsibility to fulfill these goals. Among the supportive opinions expressed by foodservice directors and hospital administrators in hospital operated departments were these:

"It depends on the management company, if the management company has high standards that would not sacrifice quality for cost."

"Again, it depends on the individual manager and what the hospital has asked for."

"Only to the extent that sometimes you have some unanticipated hidden costs with the contract. It's dependent on the experience of the hospital administrator in [the settlement] of the contract and the agency's honesty in saving."

"I think companies always try hard to maintain high quality, regardless. That's probably why their cost has to go up the first year [of the contract]. It depends on the company and the manager. If the manager does not watch his waste, that can hurt the hospital."

Among comments denying conflict in goal attainment as a disadvantage were the following:

"It happens in both [independent and contracted facilities]. I don't think it is exclusive of one or the other."

"No, because a particular institution could set those goals themselves, to be followed by a contract company, regardless to the cost involved."

"When you establish a program with a management firm, I think it's very important to [delineate] what you want to have occurring in your institution. They [companies] should be able to provide that type of service."

"No, because we retain enough control."

Five foodservice directors with hospital operated or terminated contract foodservice departments associated the disadvantage of conflict in goal attainment with the profit making orientation of contract foodservice companies. Two typical comments were these:

"Every time you have a company making a profit, there has to be a cutback [in services]."

"I think that most companies have a profit motive, and that, often, overrides the nutrition orientation that the institution can establish as its goal. The conflict in goal [attainment] is of profit rather than nutrition."

Only two hospital administrators, one with a hospital operated foodservice department and the other with a terminated contract, cited the issue of profit orientation as a disadvantage.

Division of Employee Loyalty. Thirty-two of the fifty-six interviewees believed division of employee loyalty was a disadvantage of contract foodservice. Sixteen of the twenty-four hospital administrators interviewed agreed that this is a disadvantage. Newcomer asserted (8) that a disadvantage of contract foodservice would be the real or apparent division of employee loyalty between company and contracted facility.

Hospital administrators expressed the following comments:

"It could be [a disadvantage] because the manager, for example, is responsible to his company, and that is his first loyalty. But, on the other hand, he knows he is supporting two bosses and has to please both or his company will lose the contract."

"It often is [a disadvantage]. Very often what happens is, the top [foodservice] management is paid by the contract service, but the employees are paid by the hospital and there is, generally, a great deal of sensitivity about the split loyalty."

"It depends on the way the contract is set up and who controls the personnel."

"It depends a lot on the personality of the [food-service] manager."

Participants representing contract foodservice viewed division of employee loyalty as temporary. A foodservice director in a facility having terminated a contract explained: "It's going to happen with either [self operated or contracted department]. Some people are going to stay loyal [even] to the previous manager."

Inadequate Provision of Modified Diets. The majority of the hospital administrators with hospital operated or terminated contract foodservice departments reported inadequate provision of modified diets as a disadvantage only if the contract company cannot provide this service. The hospital administrators indicated, however, that the large contract foodservice companies are capable of providing modified diets. Newcomer commented (8) that a disadvantage would be the limited provision of modified diets by smaller sized contract companies. One hospital administrator stated, "That was one of the major disadvantages we had with a company we had." Other reactions included:

"They [companies] would simply be disqualified. You don't hire companies that cannot provide a variety of modified diets."

"It's potentially a disadvantage, but I don't think that many of the companies that are in the field would have that problem. I think that most companies could provide [the hospital] with a variety of modified diets."

"It depends on the type of parameters that you develop in your contract. Those parameters could be extremely high or extremely low."

Loss of Control. Almost all hospital administrators in institutions having terminated a contract and five hospital administrators with self operated departments recognized loss of control of foodservice operations as another major disadvantage. Hospital administrators expressed the following opinions:

"I think sometimes, with the company, you may get the feeling, more so than with your own accounting office, that you don't have a handle on what's going on."

"I think that you lose some managerial prerogatives when you have a contract service. They [companies] have their own rules and regulations. You may have some employee difficulties [whereas] they may have their own employees and supervisory staff, not subject to the policies of the over-all hospital."

"We will always lose some control, by letting a contract manager do it [manage foodservice operations]. But, we lose to a lesser degree, if we are careful and participate in the writing of the agreement, in the beginning [of the contract]."

"There is always going to be a certain element of that [loss of control], since they [contractors] are running the business for you."

Five hospital administrators in institutions with contracted foodservice departments did not believe loss of control would be a certain disadvantage. A hospital administrator indicated, "It only exists [loss of control] if you are lured into a false sense of security in hospital administration. You are only going to lose control if you give up control."

Negative Reaction of Personnel to Contract Company. Nine hospital administrators and six foodservice directors with hospital operated or terminated contract foodservice departments perceived the negative reactions of personnel toward contract foodservice as another disadvantage. Half of the foodservice directors with contracted operations also held this belief. This finding supports Downey (1) who reported that some hospital administrators and department heads have expressed reservations

in regard to the impact contract service companies may have on the existing staff of their facility. The following were typical opinions supportive of this belief:

"I think there is this reaction [of personnel] toward the new management. You have almost a double standard. Sometimes you have procedures of the management company. Basically, you would follow the procedures of the [hospital], but there are those of the management company that just might make [management of the department] a little bit different."

"It depends on the philosophy of the [hospital] administration. If the administration accepts the contract service staff as part of the total institution, then the employees, many times, will fall into that pattern [of acceptance]."

"There is an adverse reaction [of employees] initially. It depends on the ability of the resident manager to correct that. Once it is accepted, there is always a low level feeling of dislike for the company. The reaction of the personnel will change."

"They [companies] cause a great deal of problems. Employees, particularly if they are well organized, tend to feel that the presence of the contract management company in the hospital threatens their jobs."

"That's a major disadvantage and something that should be considered. It has a great impact."

"It is true [reaction of personnel]. The uncertainty of it is a morale factor."

Two statements are reflective of nonsupportive perceptions:

"It is the same apprehension that people will exhibit when they have a new boss. It happens when any manager moves."

"That's a reality and not a disadvantage. It's going to happen with any change."

Additional Comments. Other disadvantages cited were the following:

high turnover of management, cost, loss of flexibility, profit making orientation, contract service provides a scapegoat for all problems, productivity tends to level off after six months or a year after the start of the contractual arrangement, department runs a risk of unionization, and hospital becomes dependent on the contract services.

Reaction to Solicitation by Contractors

Participants representing hospital operated foodservice departments were asked what measures should be taken when first approached by a representative of a contract foodservice company. Five of the eight foodservice directors and three of the eight hospital administrators explained that they would be receptive, listen to the offers of the representative of the contract foodservice company and make a subjective evaluation of the situation.

Half of the foodservice directors further emphasized that heads of foodservice departments need to be more assertive, competitive and communicative, and less negative toward foodservice contractors. The following comments were made by foodservice directors:

"Once you listen [to the contractor's offers] then you can evaluate [the current situation] and take whatever measures you feel appropriate. Unless I listen and take a good look at [the contractor's proposals] and know accounting and accounting techniques, I would be terribly vulnerable [to influences of contract companies]."

"I would be as courteous as I can and share as much information. You shouldn't have to fear [to be approached by a contractor]. If you have something to fear, then you should have some knowledge that you are not doing your job, presuming you also have a good relationship [and] communication with whoever it is that you report to."

"One should listen to the pitch or the information he [contractor] provides. After the administration listens to [the contractor's] proposals, he should contact other hospitals who have [contracted with] foodservice companies and talk to them. I don't think they should contact the ones recommended by the company. I think they should go through their hospital association or some other source in order to get a true picture [of the contract company], because obviously the company is going to give references [of hospitals] that are pleased [with their services]."

"I think [that] the dietitian has to be open and has to evaluate what someone else has to offer, since this is a highly competitive world. If [the dietitian] feels insecure [when approached by a contractor], then probably she may not be the person for that job. [The dietitian] must be open and communicative and [be able to] discuss [the contractor's offers]."

Then, compare what the [foodservice] department is offering. If you cannot do that, you better really look carefully [at the situation]."

A hospital administrator commented: "If you are approached by a good company, I always listen to what they [contractors] have to say. I am not at all afraid to provide information concerning my operation to them."

Half of the hospital administrators and one foodservice director in hospital operated foodservice departments commented their reaction toward a visit from a representative of a contract foodservice company would depend on the situation and the company's intentions. Two factors identified to be influential to the reaction exhibited toward a contractor included satisfaction or dissatisfaction of current foodservice management and consideration of trust and confidence of the foodservice administrator. Hospital administrators gave the following responses:

"To a great extent, it depends on your level of satisfaction with your present foodservice [administration]."

"The thing that would move me quickly [into looking at contract companies] would be if we had very bad quality [service]."

"If I had any reasons to believe that I had problems with foodservice, I would listen [to the contractor]. As long as I'm satisfied with the [operation] of [the] foodservice [department], I am not going to put my managers or her employees through the anxiety of me sitting and talking to a foodservice contractor, because the implication is that I'm dissatisfied, and I am not."

Hospital administrators and foodservice directors suggested that the foodservice director be included in any discussion with the contractor's representative. One hospital administrator stated that he would not talk with the representative of the contract company.

Reasons Leading to Termination of a Contract

Participants in institutions having terminated a contract were asked to comment on the major reasons that led to the termination of the foodservice contract. Four hospital administrators and two foodservice directors stated the contract foodservice company had failed to provide support to the account. Zaccarelli reported (12) that after a foodservice contract is in effect the administrator continues to be responsible for administration of the contract and assurance of high quality service and maintenance of control of the department.

Among the comments were these:

"They [company] did not always follow through [with the proposals]."

"The contract terms were not met [by the contractor]."

"The principal reason [for the] termination of our contract was that [the company] was not servicing our account."

"The lack of concern on the part of the contract company [such as] not interested in what was going on in the contracted institution. They [company staff] would not follow through when attention would be called on discrepancies [for example] in the preparation of foods for modified diets."

"It appeared to be lack of support of the management company to the account. Another reason was the lack of follow through on that level."

Other reasons that led to the termination of the foodservice contracts were: hospital development not justifying a contract, decline of cost savings after the third year of contract, incompetency of contract foodservice company, emphasis on cost containment at the expense of quality service, and ability of hospital to hire foodservice staff able to function better or equal to the contract company.

Type of Management Unique to Contract Foodservice

Participants in contracted operations and representatives of contract foodservice companies were asked to evaluate the type of management a contract company provides that hospital operated foodservice generally cannot provide. The majority of responses were repetitious of those cited as advantages offered by contract foodservice companies. Five hospital administrators and four foodservice directors indicated that contract foodservice provided professional expertise and back-up systems that the previous administration in the foodservice department was unable to provide. Six representatives of contract foodservice companies reported provision of resources from the corporate office as one of the management tools generally not available to hospital operated foodservice departments. Foodservice directors responded as follows:

"We provide professional [foodservice] management that is well trained in administration operations, know the systems of the company and are able to do a much better job than someone operating on their own. The [independent] facility is not able to find this type of [director] that can manage [the foodservice department] at the same cost and provide the same satisfaction like the foodservice company can provide."

"There is feedback and we do hear comments that there is definite improvement in the quality of food and [services] that are offered, the special activities that we do and the interest that we show. We have a more professional image with the contract foodservice company than you do [when the facility] is self-op [self operational]."

"The hospitals are calling us because they cannot get the things they want from the on-site people. They have all the tools [to manage the foodservice department]. They have all the resources and the know-how, but the administrator and the foodservice director can't see the forest for the trees. We'll do the things that [the hospital administrator] always thought about doing, but has been unable to do with the resident staff [hospital] hired."

SUMMARY AND CONCLUSIONS

In 1972, The Study Commission on Dietetics (4) stated that contract companies in the future would manage more foodservice departments in healthcare facilities. Determination of current implications, therefore, for the advent of contract foodservice companies in hospitals seemed to be a logical sequel to the Study Commission statements. The objective of this research was to study the issue of contracting foodservice departments in healthcare facilities based on assessments of a group of involved professionals.

The purposive sample included eight foodservice directors and eight hospital administrators from each of three categories of foodservice departments: hospital operated, contracted, or hospital operated following a terminated contract. Eight representatives from contract foodservice companies also were interviewed.

Participants were asked what they believed would be the trend of contract foodservice in healthcare institutions. The forecast consensus of the interviewees was that the contracting of foodservice departments in hospitals will be maintained or expanded.

Interviewees were asked to give reasons for increases in the number of hospitals contracting foodservice operations. Over two-thirds of the participants identified increased sophistication in management and finance as one of the major reasons. Foodservice directors believed the increased use of contract foodservice operations can be attributed to the lack of management skills by dietitians. Although foodservice directors appeared to be critical of the training of dietitians, hospital administrators'

concern apparently focused on the insufficient number of available qualified foodservice managers.

Greatest importance also was attached by a large number of participants to advanced technology as a major reason for the increase in the use of contract foodservice in hospitals. Representatives of contract foodservice companies believed advanced technology to be a determining factor in the decision to contract foodservice operations. Half of the foodservice directors in hospitals with self operated or terminated contract foodservice departments believed advanced technology to be an influential factor.

Participants were queried if they believed higher costs to be a further reason for the increase of contract foodservice in hospitals. More foodservice directors than hospital administrators indicated higher costs to be a major reason.

Over half of the participants cited difficulties in recruiting qualified foodservice managers as another major reason for increases. This finding indicates a need for an augmentation in the training of qualified skilled hospital foodservice directors, particularly administrative dietitians.

Efficiencies derived from the provision of services to different hospitals was the advantage of contract foodservice companies cited most frequently by interviewees. Another major advantage often mentioned was availability of corporate resources, such as national buying power, standard diet manuals, quality standards, policies and procedures, expertise in all areas of hospital foodservice management, recruitment of qualified foodservice managers, and provision of back-up systems. Size of hospital was often included as a factor in the determination of the advantages offered by contract foodservice companies.

Participants also were asked to identify disadvantages of contract foodservice in healthcare facilities. Conflict in goal attainment was identified as a major disadvantage of contract foodservice operations. Division of employee loyalty was another disadvantage cited. Sixteen of the twenty-four hospital administrators agreed that this is a disadvantage. Participants representing contract foodservice companies, however, viewed division of employee loyalty as temporary.

The majority of the hospital administrators with self operated or terminated contract foodservice departments mentioned inadequate provision of modified diets as a disadvantage only if the contract company cannot provide this service. The hospital administrators indicated, however, that the large contract foodservice companies are capable of providing modified diets.

Almost all hospital administrators in institutions having terminated a contract recognized loss of control of foodservice operations as another major disadvantage. Five of eight hospital administrators with self operated foodservice departments agreed.

Interviewees representing hospital operated foodservice departments were asked what measures should be taken when first approached by a representative of a contract foodservice company. Five of the eight foodservice directors and three of the eight hospital administrators explained that the offer should be received and carefully evaluated prior to a decision to contract foodservice. Both groups suggested that the foodservice director be included in any discussion with the contractor's representative.

Participants in institutions having terminated a foodservice contract were asked to comment on the major reasons for termination of

the contract. The principal reason was failure by the contract foodservice company to support the account properly.

Representatives of the hospitals with a foodservice contract and the foodservice companies were requested to evaluate the type of management a contract foodservice company provides that hospital operated foodservice generally cannot provide. Expertise and availability of corporate resources were the services identified.

The forecast consensus was that contract foodservice in hospitals will or may be maintained and expanded. Among the reasons for increases in the number of hospitals contracting foodservice companies, the greatest importance was attached to increased sophistication in management and finance, advanced technology, and higher costs.

Among the most prominent advantages cited for contract foodservice included efficiencies derived from providing services to different hospitals, availability of corporate resources, provision of back-up systems, and specialization in the field of foodservice management. The most frequent mentioned disadvantages of contract foodservices were conflict in goal attainment and division of employee loyalty. In general, hospital administrators of facilities having terminated foodservice contracts were the most critical of contract foodservice.

Contrary to the popular belief that management deficiencies among dietitians have led to contracting of healthcare foodservice operations, data from this research suggest that the shortage of administrative dietitians is a significant factor. The information derived from the study should give directors of foodservice departments, hospital administrators, and managers of contract foodservice companies an understanding of the problems of contracting foodservice in healthcare facilities.

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APPENDIXES

APPENDIX A
Initial Interview Guide

TELEPHONE INTERVIEW WITH HOSPITAL FOODSERVICE DIRECTORS, HOSPITAL
ADMINISTRATORS AND REPRESENTATIVES OF CONTRACT FOODSERVICE COMPANIES

Interview Guide

(to be used by interviewer)

Date _____

Hospital _____

Hospital Foodservice Director _____

Hospital Administrator _____

Category of Foodservice Department:

_____ Hospital operated

_____ Contracted

_____ Terminated contract

Contract Company _____

Representative of Contract Foodservice Company _____

1. The literature shows that contract foodservice companies manage the foodservice facilities in approximately 20 per cent of the healthcare institutions. Do you believe that this trend will continue?

2. What do you think are the major reasons for the increase in the number of facilities managed by contract foodservice companies in the healthcare field?
 - _____ 2.1 Higher costs?
 - _____ 2.1.1 Food?
 - _____ 2.1.2 Labor?
 - _____ 2.1.3 Supplies?
 - _____ 2.2 Increased financial accountability?

- ☐ 2.3 Governmental influences or pressures?
 - ☐ 2.3.1 Tax laws (reductions)?
 - ☐ 2.3.2 Medicare/Medicaid?
 - ☐ 2.3.3 Agencies?
 - ☐ a. Occupational Safety and Health Act (OSHA)
 - ☐ b. Health System Agencies
 - ☐ c. Joint Commission Accreditation of Hospitals
- ☐ 2.4 Quality Assurance?
 - ☐ 2.4.1 Regulations?
- ☐ 2.5 Unemployment?
- ☐ 2.6 Food shortages?
- ☐ 2.7 Labor unions?
- ☐ 2.8 Fast growth of healthcare facilities?
- ☐ 2.9 Advanced technology?
 - ☐ 2.9.1 Foodservice systems?
 - ☐ a. Conventional
 - ☐ b. Ready-prepared
 - ☐ (1) Cook/chill
 - ☐ (2) Cook/freeze
 - ☐ c. Convenience
 - ☐ d. Automated
 - ☐ 2.9.2 Equipment?
- ☐ 2.10 Increased levels of sophistication?
 - ☐ 2.10.1 Dietetics and nutrition?
 - ☐ 2.10.2 Business area of management and finance?

3. What is your opinion regarding the advantages offered by contract foodservice companies?

- _____ 3.1 Efficiencies of profit-making company?
 - _____ 3.2 Reduction or containment in labor costs?
 - _____ 3.3 Incentives and bonus?
 - _____ 3.4 Capabilities tailored to the facilities' requirements?
 - _____ 3.5 Control of schedules and costs?
 - _____ 3.6 Fresh ideas and insights to problems?
 - _____ 3.7 Back-up systems available?
 - _____ 3.8 Continuity of management?
 - _____ 3.9 Optimum utilization of resources?
 - _____ 3.9.1 Personnel?
 - _____ 3.9.2 Equipment?
 - _____ 3.10 Relief from daily pressures and worries?
 - _____ 3.11 Specialization in the field of hospital foodservice management?
 - _____ 3.12 Capability of quantity buying?
 - _____ 3.13 Resources of corporate offices (e.g. staff consultants, standardization of forms, group purchasing, planning capabilities)
4. What is your opinion concerning the disadvantages of contract food-service in healthcare facilities?
- _____ 4.1 Reaction of personnel?
 - _____ 4.1.1 Insecurity
 - _____ 4.1.2 Fear of loss of job?
 - _____ 4.1.3 Mistrust toward new management?
 - _____ 4.1.4 Suspicion and fear?
 - _____ 4.1.5 Representation of criticism for past performance?
 - _____ 4.1.6 Inferred loss of prestige?
 - _____ 4.1.7 Inferred loss of authority?
 - _____ 4.2 Division of employee loyalty between the healthcare facility and the contract company?

- _____ 4.3 Inadequate provision of a variety of modified diets?
 - _____ 4.4 Conflict in goal attainment?
 - _____ 4.4.1 Cost containment versus maintenance of quality?
 - _____ 4.5 Loss of control of foodservice operations?
5. What do you think the effect of profit orientation of contract foodservice companies may bring to the healthcare facility?
6. What contributing factors do you believe may stimulate a hospital administrator to start looking at prospective contract foodservice companies?
- _____ 6.1 Increased costs?
 - _____ 6.2 Personnel problems?
 - _____ 6.3 Complaints from customers (patients)?
 - _____ 6.4 Problems with expanding existing programs?
 - _____ 6.5 Decline in performance of administrator?
 - _____ 6.6 Quality problems?
 - _____ 6.6.1 Food?
 - _____ 6.6.2 Services?
7. (If participant is in a hospital with a self operated foodservice department):
- What measures do you believe should be taken when first approached by a representative of a contract foodservice company?
8. (If participant is involved with a terminated foodservice contract):
- What were the major reasons that led to the termination of the foodservice contract in your healthcare facility?
9. (If participant is in a hospital with a contracted foodservice facility):
- What kind of management does the contract foodservice company now provide that the previous administration did not?

APPENDIX B
Final Interview Guide

TELEPHONE INTERVIEW WITH HOSPITAL FOODSERVICE DIRECTORS, HOSPITAL
ADMINISTRATORS AND REPRESENTATIVES OF CONTRACT FOODSERVICE COMPANIES

Interview Guide

(to be used by interviewer)

Date _____

Hospital _____

Hospital Foodservice Director _____

ADA Member Yes _____ No _____

Hospital Administrator _____

Category of Foodservice Department:

_____ Hospital operated

_____ Contracted

_____ Terminated contract

Contract Company _____

Representative of Contract Foodservice Company _____

1. The literature shows that contract foodservice companies manage the foodservice facilities in approximately 20 per cent of the healthcare institutions. Do you believe that this trend will continue?

2. What do you think are the major reasons for the increase in the number of facilities managed by contract foodservice companies in the healthcare field?
 - _____ 2.1 Higher costs?
 - _____ 2.1.1 Food?
 - _____ 2.1.2 Labor?
 - _____ 2.1.3 Supplies?
 - _____ 2.2 Increased financial accountability?

- _____ 2.3 Influences or pressures?
 - _____ 2.3.1 Governmental agencies?
 - _____ a. Medicare/Medicaid
 - _____ 2.3.2 Regulatory agencies?
 - _____ a. Occupational Safety and Health Act (OSHA)
 - _____ b. Joint Commission Accreditation of Hospitals
 - _____ 2.4 Quality Assurance?
 - _____ 2.4.1 Regulations?
 - _____ 2.5 Labor unions?
 - _____ 2.6 Fast growth of healthcare facilities?
 - _____ 2.7 Advanced technology?
 - _____ 2.7.1 Foodservice systems?
 - _____ 2.7.2 Equipment?
 - _____ 2.8 Increased levels of sophistication?
 - _____ 2.8.1 Dietetics and nutrition?
 - _____ 2.8.2 Business area of management and finance?
3. What is your opinion regarding the advantages offered by contract foodservice companies?
- _____ 3.1 Efficiencies from the repetition of providing services to different hospitals?
 - _____ 3.2 Reduction or containment in labor costs?
 - _____ 3.3 Incentives and bonus?
 - _____ 3.4 Capabilities tailored to the facilities' requirements?
 - _____ 3.5 Control of schedules and costs?
 - _____ 3.6 Fresh ideas and insights to problems?
 - _____ 3.7 Back-up systems available? (e.g. purchasing system)
 - _____ 3.8 Continuity of management?
 - _____ 3.9 Optimum utilization of resources?

- _____ 3.9.1 Personnel?
 - _____ 3.9.2 Equipment?
 - _____ 3.10 Relief from daily pressures and worries?
 - _____ 3.11 Specialization in the field of hospital foodservice management?
 - _____ 3.12 Resources of corporate offices (e.g. staff consultants, standardization of forms, group purchasing, planning capabilities)
4. What is your opinion concerning the disadvantages of contract foodservice in healthcare facilities?
- _____ 4.1 Reaction of personnel?
 - _____ 4.1.1 Fear of loss of job?
 - _____ 4.1.2 Mistrust toward new management?
 - _____ 4.1.3 Fear for criticism for past performance?
 - _____ 4.2 Division of employee loyalty between the healthcare facility and the contract company?
 - _____ 4.3 Inadequate provision of a variety of modified diets?
 - _____ 4.4 Conflict in goal attainment?
 - _____ 4.4.1 Cost containment versus maintenance of quality?
 - _____ 4.5 Loss of control of foodservice operations?
5. (If participant is in a hospital with a self operated foodservice department):
- What measures do you believe should be taken when first approached by a representative of a contract foodservice company?
6. (If participant is involved with a terminated foodservice contract):
- What were the major reasons that led to the termination of the foodservice contract in your healthcare facility?
7. (If participant is in a hospital with a contracted foodservice facility):
- What kind of management does the contract foodservice company now provide that the previous administration did not?

8. (If participant is a representative of a contract foodservice company):

What kind of management does the contract foodservice company provide that the hospital operated foodservice generally cannot provide?

KANSAS STATE UNIVERSITY, COLLEGE OF HOME ECONOMICS
Dietetics, Restaurant and Institutional Management Department

TELEPHONE INTERVIEW WITH HOSPITAL FOODSERVICE DIRECTORS, HOSPITAL
ADMINISTRATORS AND REPRESENTATIVES OF CONTRACT FOODSERVICE COMPANIES

Abbreviated Interview Guide

(to be used by interviewee)

1. The literature shows that contract foodservice companies manage the foodservice facilities in approximately 20 per cent of the healthcare institutions. Do you believe that this trend will continue?
2. What do you think are the major reasons for the increase in the number of facilities managed by contract foodservice companies in the healthcare field?
3. What is your opinion regarding the advantages offered by contract foodservice companies?
4. What is your opinion concerning the disadvantages of contract foodservice in healthcare facilities?
5. (If participant is in a hospital with a self operated foodservice department):

What measures do you believe should be taken when first approached by a representative of a contract foodservice company?
6. (If participant is involved with a terminated foodservice contract):

What were the major reasons that led to the termination of the foodservice contract in your healthcare facility?
7. (If participant is in a hospital with a contracted foodservice facility):

What kind of management does the contract foodservice company now provide that the previous administration did not?
8. (If participant is a representative of a contract foodservice company):

What kind of management does the contract foodservice company provide that the hospital operated foodservice generally cannot provide?

APPENDIX C

Guides for Telephone Conversation
to Identify Participants

GUIDE FOR INITIAL TELEPHONE CONVERSATION
(Hospital Foodservice Directors)

1. Introduction

1.1 Name

1.2 Purpose of telephone call

2. Description of study

2.1 Objective of research project

2.11 Study assessment of a group of professionals toward the contracting of foodservice departments in healthcare facilities

2.2 Scope of the study

2.21 Gather data through telephone interviews

2.22 Types of people to be interviewed

a. Hospital foodservice directors and hospital administrators responsible for departments in the following categories:

*Hospital operated foodservice department

*Contracted foodservice department

*Hospital operated with a terminated foodservice contract

b. Representatives of contract foodservice companies

2.23 Explain plans to tape record the interviews

a. Assurance for maintenance of anonymity

2.24 Indicate interview will take approximately fifteen minutes

3. Solicit participation

3.1 Indicate person with expertise and experience is in position to provide valuable information for the project

3.2 Request permission to tape record interview

4. Ask for name of person on hospital administrative staff to whom foodservice director is responsible
 - 4.1 Indicate that this person will be invited to participate in the study
 - 4.2 Request foodservice director to solicit participation and indicate a letter will be sent
5. Offer summary of completed study
6. Schedule tentative date for telephone interview; indicate that date will be confirmed by letter.
7. Thank person for attention

GUIDE FOR INITIAL TELEPHONE CONVERSATION
(Representatives of Contract Foodservice Companies)

1. Introduction
 - 1.1 Name
 - 1.2 Purpose of telephone call
2. Description of study
 - 2.1 Objective of research project
 - 2.11 Study assessment of a group of professionals toward the contracting of foodservice departments in healthcare facilities
 - 2.2 Scope of study
 - 2.21 Gather data through telephone interviews
 - 2.22 Types of people to be interviewed
 - a. Hospital foodservice directors and hospital administrators responsible for departments in the following categories:
 - *Hospital operated foodservice department
 - *Contracted foodservice department
 - *Hospital operated with a terminated foodservice contract
 - b. Representatives of contract foodservice companies
 - 2.23 Explain plans to tape record the interview
 - a. Assurance for maintenance of anonymity
 - 2.24 Indicate interview will take approximately fifteen minutes
3. Solicit participation
 - 3.1 Indicate person with expertise and experience is in position to provide valuable information for the project
 - 3.2 Request permission to tape record interview

4. Offer summary of completed study
5. Schedule tentative date for telephone interview; indicate that date will be confirmed by letter.
6. Thank person for attention

APPENDIX D
Correspondence

(Kansas State University Letterhead)

Confirming Letter to Hospital Foodservice Directors

The purpose of this letter is to confirm our telephone conversation on (date of initial call) regarding the request for participation in the research study being conducted at Kansas State University. Your willingness to cooperate is appreciated; however, your participation is strictly voluntary.

As discussed by telephone, the objective of the research is to study the assessments of a group of professionals toward the contracting of foodservice departments in healthcare facilities. Information will be obtained through telephone interviews with selected representatives of the following groups:

- a. Hospital foodservice directors and hospital administrators responsible for foodservice departments described below
 - 1. Hospital operated foodservice department
 - 2. Contracted foodservice department
 - 3. Hospital operated foodservice department having terminated a foodservice contract
- b. Representatives of contract foodservice companies

A request was made for the identification of the person to whom you report. As we discussed, that person also will be invited to participate in the study. We would appreciate it if you would encourage your administrator to take part in the study.

The plans to tape record the interview were discussed with you. It is reiterated that anonymity of responses will be strictly maintained. Your name will not be associated with your responses in any public or private report of the results. Every individually recorded interview will be coded separately and appropriately disposed of after data are edited and analyzed. The interview will take approximately fifteen minutes.

With your expertise and experience, we believe you are in the position to provide valuable information for this project. A summary of the completed study will be forwarded to you upon completion of the research project.

The time and date agreed upon is (date and time of actual interview).
Thank you again for your cooperation.

Sincerely yours,

Merjoery Lott, R.D.
Graduate Student

Marian C. Spears, Ph.D., R.D.
Professor and Head, Dietetics, Restaurant
and Institutional Management

(Kansas State University Letterhead)

Confirming Letter to Representatives of Contract Foodservice Companies

The purpose of this letter is to confirm our telephone conversation on (date of initial call) regarding the request for participation in the research study being conducted at Kansas State University. Your willingness to cooperate is appreciated; however, your participation is strictly voluntary.

As discussed by telephone, the objective of the research is to study the assessments of a group of professionals toward the contracting of foodservice departments in healthcare facilities. Information will be obtained through telephone interviews with selected representatives of the following groups:

- a. Hospital foodservice directors and hospital administrators responsible for foodservice departments described below
 - 1. Hospital operated foodservice department
 - 2. Contracted foodservice department
 - 3. Hospital operated foodservice department having terminated a foodservice contract
- b. Representatives of contract foodservice companies

The plans to tape record the interview were discussed with you. It is reiterated that anonymity of responses will be strictly maintained. Your name will not be associated with your responses in any public or private report of the results. Every individually recorded interview will be coded separately and appropriately disposed of after data are edited and analyzed. The interview will take approximately fifteen minutes.

With your expertise and experience, we believe you are in the position to provide valuable information for this project. A summary of the completed study will be forwarded to you upon completion of the research project.

The time and date agreed upon is (date and time of actual interview).
Thank you again for your cooperation.

Sincerely yours,

Merjoery Lott, R.D.
Graduate Student

Marian C. Spears, Ph.D., R.D.
Professor and Head, Dietetics, Restaurant
and Institutional Management

(Kansas State University Letterhead)

Letter to Hospital Administrators Soliciting Participation

In the Department of Dietetics, Restaurant and Institutional Management at Kansas State University, we are conducting a study of the advantages and disadvantages of contracting foodservice operations in healthcare facilities. The foodservice director at your institution indicated you were the member of the hospital administrative staff with responsibility for the foodservice department.

Information will be obtained through telephone interviews with selected representatives of the following groups:

- a. Hospital foodservice directors and hospital administrators responsible for foodservice departments described below
 - 1. Hospital operated foodservice department
 - 2. Contracted foodservice department
 - 3. Hospital operated foodservice department having terminated a foodservice contract
- b. Representatives of contract foodservice companies

The hospital foodservice director in your facility has agreed to take part in the study. We are anxious to have input from hospital administrators as well.

We plan to tape record the interviews if you are willing to grant permission. Anonymity will be strictly maintained. Your name will not be associated with your responses in any public or private report of the results. Every individually recorded interview will be coded separately and appropriately disposed of after data are edited and analyzed. The interview will take approximately fifteen minutes.

The study is being conducted under guidelines established by Kansas State University. Your participation is strictly voluntary; however, we hope you will participate. A summary of the completed study will be forwarded to participants of the study upon termination of the research project.

Enclosed is a reply form for you to indicate your willingness to participate. Also, we have asked some general information about your schedule to assist in planning. You or your secretary will be contacted later to schedule the date for the telephone interview, should you decide to accept.

Thank you for your consideration of this request.

Sincerely yours,

Merjoery Lott, R.D.
Graduate Student

Marian C. Spears, Ph.D., R.D.
Professor and Head, Dietetics, Restaurant
and Institutional Management

Enclosure

KANSAS STATE UNIVERSITY, COLLEGE OF HOME ECONOMICS
Dietetics, Restaurant and Institutional Management Department

1. Will you be willing to participate in a telephone interview concerning contract foodservices in the healthcare field being conducted by the Department of Dietetics, Restaurant and Institutional Management at Kansas State University?

Yes _____ No _____

2. If yes, which day of the week and time will be most convenient for the interview? Interviews will begin 7 July 1980.

	<u>MORNING/Time</u>	<u>AFTERNOON/Time</u>
<u>Monday</u>		
<u>Tuesday*</u>		
<u>Wednesday</u>		
<u>Thursday*</u>		
<u>Friday</u>		

3. Return in the enclosed envelope to:

Dr. Marian C. Spears
Department of Dietetics, Restaurant
and Institutional Management
Justin Hall
Kansas State University
Manhattan, Kansas 66506

* Any time except 10:00 A.M. to 12:30 P.M. during the month of July.

(Kansas State University Letterhead)

Confirming Letter to Hospital Administrators

This letter is to confirm the time and date for a telephone interview with you concerning my research on contract foodservice. During my telephone conversation with your secretary, the interview was set for

Day of the week _____

Date _____

Time _____

The enclosed copy of the interview guide will indicate the trend of the telephone interview.

Your agreement to participate in the research is appreciated.

Sincerely yours,

Merjoery Lott, R.D.
Graduate Student

Approved by
Marian C. Spears, Ph.D., R.D.
Professor and Head, Dietetics, Restaurant
and Institutional Management

Enclosure

CONTRACT FOODSERVICE IN HOSPITALS: ASSESSMENTS OF ADMINISTRATORS,
FOODSERVICE DIRECTORS AND CONTRACT COMPANY REPRESENTATIVES

by

MERJOERY LOTT

B.S., University of Puerto Rico, 1962

AN ABSTRACT OF A MASTER'S THESIS

submitted in partial fulfillment of the

requirements for the degree

MASTER OF SCIENCE

Department of Dietetics, Restaurant
and Institutional Management

KANSAS STATE UNIVERSITY

1981

ABSTRACT

In 1972, The Study Commission on Dietetics stated that contract companies in the future would manage more foodservice departments in healthcare facilities. Determination of current implications, therefore, for the advent of contract foodservice companies in hospitals seemed to be a logical sequel to the Study Commission statements. The objective of this research was to study the issue of contracting foodservice departments in healthcare facilities based on assessments of a group of involved professionals.

The purposive sample included eight foodservice directors and eight hospital administrators from each of three categories of foodservice departments: hospital operated, contracted, or hospital operated following a terminated contract. Eight representatives from contract foodservice companies also were interviewed. Telephone interviews were conducted with each of these individuals.

The major elements of the carefully planned and guided interviews were the following: the future of contract foodservice in healthcare institutions, reasons for increases in the number of hospitals contracting operations of foodservice departments, advantages of contracting foodservice operations in healthcare facilities, and disadvantages of contracting foodservice operations in healthcare facilities. Responses to each of these major considerations were stimulated by a series of probing questions. In addition, single specific questions were posed to foodservice directors and hospital administrators in each of the three categories of hospital foodservice and representatives of the contract companies.

The forecast consensus of the interviewees was that contract foodservice in healthcare institutions will be maintained or expanded. Among the numerous reasons cited for an increase in the number of hospitals contracting foodservice operations, the greatest importance was attached to increased sophistication in management and finance, advanced technology, and higher costs.

Most prominent among the advantages cited for contract foodservice were efficiencies derived from providing services to different hospitals, availability of corporate resources, provision of back-up systems, and specialization in the field of foodservice management. The most frequently mentioned disadvantages of contract foodservices were conflict in goal attainment and division of employee loyalty.

Those who had terminated a foodservice contract gave the principal reason for this action as failure by the contract company to support the account properly. Representatives of the hospitals with a foodservice contract and the foodservice companies were in agreement that the company provided an expertise in foodservice management and availability of corporate resources impossible for the hospital to achieve alone.