

Don't Put the Contract in a Drawer and Forget It

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Second article in a series about managing outsourced service providers. The first article in this series may be found at our website, clariongp.com/newsletter.

The Seiler Corp., a food service company that flourished in the 1960s, '70s and early '80s until acquired by Sodexo, Inc., had an unusual approach to relationships with clients. They called it the "Yankee contract" – a handshake. Company founders/owners Jay Cochrane and Phil Gorman, both Bostonians, held an old New Englanders' belief that a person's word was the only contract they needed.

In today's more complicated, litigious and regulated world, even Jay and Phil would agree the Yankee contract is outdated. You can't defend yourself in a civil or regulatory action by depending on your recollection of a verbal agreement.

Don't Rely on Memory

It's also unwise to assume you and your on-site contractor will recall each party's rights and obligations in the same way. That's why you have a written agreement. But the contract is useless if you put it in a file drawer and forget about it.

A good contract spells out each party's responsibilities. Most important is the description of the products and services the contractor will deliver, including when, where and how.

When Standards Slip

The contractor's managers and employees are human and over time, may let some of the details slide, so slowly that it may be imperceptible to you for a long time. When you become aware of the shortcomings, the on-site manager may have changed and the new person assumes the service as provided is the acceptable standard.

The contract is your guide to requiring re-establishment of the original standards. You may have to go up a link or two in the contractor's chain of command to achieve the result you want: the district manager and, if that doesn't get the right response, contact the regional vice president

Communicate

The most effective contract administrators have a brief meeting with their on-site manager every day, or at least a few times a week. This is especially important if yours is a busy organization with multiple activities that involve your contractor – catering, conferences and other activities – and that vary from day to day. You can catch errors or misunderstandings before anything goes wrong.

It's a good idea to meet with the district manager at least monthly to review operations and the most recent financial statement. Schedule the meeting when the statement arrives, while it's fresh and abnormalities can be reviewed and, if necessary, resolved.

You should expect the regional VP to meet with you at least quarterly, so you remain in touch with the senior levels of the contractor's management.

These people have multiple responsibilities and are generally involved in putting out fires and working on new business. As a result, they're reactive. If you leave them alone,

they'll assume all's well at your account and turn their attention elsewhere.

Keep the Contract Alive

Over the course of a few years, it's likely changes will occur in your organization that require changes, major or minor, in the services you have contracted.

It will be worthwhile to conduct a detailed review of the contract every three to five years and make any amendments necessary to keep it up-to-date. This may include terms to cover any changes in laws affecting the operation and changes in the operation or financial arrangements.

If the list of amendments reaches past five, it's advisable to rewrite the whole contract, incorporating the amendments, so that you have a single, comprehensible document to guide the service.

The next article in this series will discuss the services and support you should expect from your outsourced services provider.

Clarion can evaluate your dining and hospitality services, whether managed in-house or outsourced, identify and provide solutions for deficiencies and collaborate with you and the operator to bring the services up to a new standard of excellence. For information, contact Tom Mac Dermott, 603/642-8011, Angela Phelan, 973/544-6223 or Ernie Wilder, 703/282-3030 or e-mail us as info@clariongo.com

Where to Get More Help

Two professional associations offer information and guidance in managing on-site dining and hospitality services.

Society for Foodservice Management

www.sfm-online.org/resources

Client Liaison Customer Association

www.clcfoodservice.com/foodservicesources

Both organizations require membership to access their resources.