speaking

RG & Industry Associations Report

ACFSA

Congratulations to Stan Gatland in our New York office for his receipt of Certified Food Service Professional (CFP) at this year's ACFSA National Conference held in Nashville. Over the past several years, Stan has helped ACFSA in developing the correctional standards for food service equipment. At this year's conference, he participated in various discussion panels and was part of the help clinic that is provided by FCSI at the annual ACFSA Conference. Stan is also a contributor to a book titled "Correctional Facility Design and Detailing", authored by Peter Krasnow of Kaplan/McLaughlin/Diaz Architects.

ASHFA

Bill Vomvoris (RG New York) presented at this year's conference in Denver. The subject of ISO 9000 and it's implications was delivered on Monday, August 7th. Bill reviewed the ISO criteria changes for 2000 and how healthcare food service can utilize this tool in developing quality assurance, internal monitoring and food safety programs.

HFM

With several senior staff members in attendance at the 2000 National Conference in Naples, FL, we were proud to be one of HFM's general sponsors.

In addition, we participated in this year's silent auction with a unique and exciting gift. Our offer was for Chris Brady from our New York office to prepare the ultimate dinner for eight, inclusive of all travel, food and wine costs, anywhere in the U.S.
As you may be aware, Chris is an executive chef classically trained in French and Mediterranean cuisines.
Congratulations to Tyson Foods, Inc. who won the prize with a final bid of $4,500.00 which accounted for almost one-third of the funds raised by the silent auction.

Our February issue will detail the entire event and provide photos.

Note:
If you would like any additional information on the subject presented above or RG's association activity, please contact us at 631-226-7700 ext. 25 or log-on to our website:
www.romanogatland.com

NACUFS

Char Norton, (RG Texas) presented at this year's conference in Calgary, Alberta, CA. Her topic "HACCP, ISO 9000 and CODEX for College and University Foodservice" was so well received that she was invited to provide a summary for the NACUFS website. Look for Char's synopsis this fall on the NACUFS website at www:nacufs.org

NRA

Russ Pizzuto was invited to present at this year's show on the subject of hospitality facility design trends. The well-attended event was organized by FCSI.

FOOD HOTEL ASIA

This year was Singapore's turn to host the annual event. Director of our Kuala Lumpur office, Suraj Subba, was invited to present as part of a HACCP and food safety symposium. This successful event combined several organizations in a very exciting format that introduced methods of developing and implementing HACCP based operating programs.

IH/M&RS - NEW YORK

Several senior RG staff members representing our offices worldwide were in attendance at this year's show, which was held from November 11th through the 14th.

In addition, another great Foodservice Industry Networking Reception jointly hosted by HFM, SFM, NAFEM, FCSI, CFESA, FEDA and MAFSI was held on Monday, November 13, 2000. Congratulations to all those responsible for hosting a fabulous evening and great event.

SFM

This year's conference was held in San Diego. We are proud of the time dedicated by Bob Pacifico of our Chicago office who concluded his three-year term as an SFM Officer and Board Member. This year Romano Gatland was a silver sponsor and donated two first class air tickets to the silent auction. Congratulations to George Maciag, President of Guckenheimer Enterprises, Inc., for his winning bid of $1,500 for our auction gift.

FOCUS operations

By Christopher Brady

Utilizing Private Capital to Fund Your Project

Many food service providers are having difficulty funding feasible projects in today's financial climate. While many of these projects are well conceived and would provide a strategic solution to given operating problems, the capital requirements are not being approved. Why in a period of business and economic prosperity are these projects being rejected?

Basically there are two sources of capital, internal and external. We are all familiar with internal financing within our organizations. While budgeting, allocation, approval and execution of capital dollars vary between organizations, the basic principles are similar. The less understood capitalization process is external funding.

Many projects that should be built never become reality because internal capital was denied and the project died with that decision. The alternative can be securing the money needed to move a project forward from an organization that is in the business of lending money.

The question is: when does it make sense to utilize outside funds? The following outlines a few basics.

First and foremost, the project under consideration must either increase operating profits or decrease operating expenses. When you borrow money, you need to pay it back and the lender must be convinced this will occur. The method for payback is a portion of the profits and/or savings created by implementing the project. Two good project examples are either new staff dining facilities or facilities centralizing large volume operations.

In the first example, many new staff dining facilities that incorporate progressive and desirable dining concepts can significantly increase revenues and profits or reduce subsidies.

The later example can significantly reduce labor and operating expenses through certain technology or systems application.

In either example or the myriad of other possibilities, the positive financial results are the vehicle for capital pay-down.

The second key component is for your upstream decision makers to understand the concept and application of private financing as it relates to your project. Just because your various VP's deal with capitalization every day does not mean they can make a qualified decision to explore this option.

A third issue is the cost of capital. Generally, your organization can secure internal funding at a lower cost than a private company or institution. There are many reasons for this, one being interest rates. However, many times the economic benefit of developing the project significantly outweighs the additional cost of private money. A 2% increase of private capital can easily be absorbed into many projects. The following graph illustrates the above issue.

Project Type: *Cafeteria Renovation*

Current Sales	$ 1,218,750	1500 covers $3.25 average check
Current Net Profit	$ 182,813	
New Project Sales	$ 2,535,000	2600 covers $3.90 average check
New Project Net Profit	$ 456,300	
Increased Net Profit	$ 273,488	
Renovation Cost	$ 1,100,000	

Project Payback Total Project Cost

Internal Capital at 8.0%	$ 1,333,278	58.5 month payback
Private Capital at 10.0%	$ 1,415,172	62.1 month payback

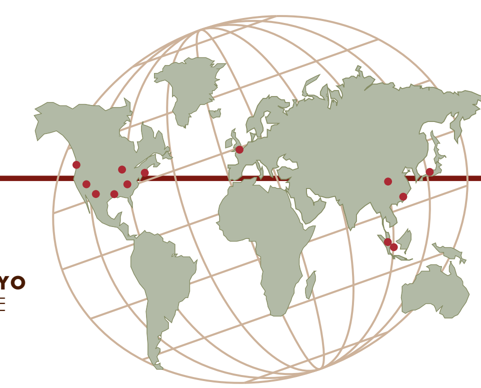
As illustrated above, the cost of private funding would only increase the project payback period 3.6 months.

Based on today's competitive climate for capital funding, many projects that require a 4+year payback are not being funded. Primarily this is due to a lack of understanding of food service investments. We would suggest to the financial advisors or departments within an organization that an investment that has a useful life of 12 to 15 years* and pays for itself in 4½ years is sound financial planning.

Projects should be funded based on feasibility and how the results can improve the quality of your organization. Private capital, when applied appropriately, can be an effective management tool.

* Average life of a cafeteria before major improvements are required.

For more information contact us at 631-226-7700 ext: 25 or log-on to our web site: www.romanogatland.com



OUR OFFICE LOCATIONS

NEW YORK
99 West Hoffman Avenue,
Lindenhurst, New York 11757
[T] 631-226-7700
[F] 631-226-7175

SCOTTSDALE
P.O. Box 2800-298
Carefree, Arizona 85377
[T] 480-473-1375
[F] 480-473-1375

NASHVILLE
952 Skye View Drive
Gallatin, TN 37066
[T] 615-230-8004
[F] 615-230-8482

CHICAGO
111-1/2 Van Buren
Woodstock, Illinois 60098
[T] 815-338-8808
[F] 815-338-8818

SEATTLE
350NW 85th Street - Suite A
Seattle, WA 98117
[T] 206-789-7118
[F] 206-789-7129

PALM SPRINGS
72-591 Sun Valley Lane
Palm Desert, CA 92260-6513
[T] 760-862-1139
[F] 760-862-1139

HOUSTON
16146 Frondon Grove Drive
Missouri City, TX 77489
[T] 281-403-0802
[F] 281-403-0604

LONDON
2a Avenue Road
Grantham Lincolnshire
NG316TH, England
[T] 44-1476-569119
[F] 44-1476-590142

TOKYO
ROMANO GATLAND INOUE
2-11-4 Kyobashi, Chuo-Ku
Tokyo, Japan 104
[T] 81-3-3561-6841
[F] 81-3-3561-8698

BEIJING
Room 17A Guanghua Road
(East Side, South Gate of Ritan Park)
Beijing
[T] 8610-6595-7333
[F] 8610-6595-7337

HONG KONG
Suite 1804, Park-In Commercial Centre
56 Dundas Street
Kowloon Hong Kong
[T] 852-2782-6232
[F] 852-2782-7298

SINGAPORE
75004 Beach Road
#14-303 The Plaza Singapore 0719
[T] 65-291-9443
[F] 65-291-9442

MALAYSIA
Suite 906, Block A Kelana Centre Point
3 Jalan SS7/19, Kelana Jaya
47301 Petaling Jaya
Selangor D.E. Malaysia
[T] 603-7045-735
[F] 603-7045-753

Please contact our World Headquarters in New York and we will provide you with our corporate and local contact information: 631-226-7700 extension 25

FOCUS design

By Michael Kell

Equipment Substitution

When a consultant creates a design and specifies certain equipment items and specific manufacturers, it is with good reason. Client needs, operating requirements, system integration, space availability, project location, post installation service and many additional factors are considered during the specification process. During a project's equipment bid phase, an organization(s) may recommend substituting an alternate equipment item for a specified item. The primary intent of this exercise is to reduce the project's budget or create a more competitive bid package. At times substitution can be an effective tool, but be careful as it can also lead to disaster when applied inappropriately. The following outlines some major issues of equipment substitution.

§ Does the alternate equipment item coordinate with the mechanicals and utilities being provided? If no one verifies this issue, a $5,000 savings in equipment could cost $15,000 in a construction change order.

§ Is the equipment item part of a system? Many equipment items are "linked" to several other equipment components or operating areas. If the substitution is not coordinated with the system, facility functionality will be severely impacted.

§ Is the substitution a true equal? Not all like equipment items are manufactured or perform at the same level. This is particularly true for highly technical or engineered items. In an age of high specialization, you must carefully compare equipment items.

§ Will the substitution affect operating costs? From labor to energy, the cost of operation lasts for the entire life of the facility. Make sure that a capital cost savings is not negated by an operating expense increase.

§ Is the post installation service equal? When not, and an equipment item requires service, is the responsible agent equal to the agent for the specified item?

These are only a few of the issues to be measured when equipment substitution is being considered.

For more information contact us at 631-226-7700 ext: 25 or log-on to our website: www.romanogatland.com