

"A man is  
great by  
deeds, not by  
birth"

-Chanakya

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## Case Study

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### **Procurement of Catering Services at Multi-Specialty Hospital**

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## **PROCUREMENT OF CATERING SERVICES AT A MULTI-SPECIALTY HOSPITAL**

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This case has been prepared by Ashutosh Sarkar for presenting some of the key concepts in tendering and preparation of bid documents. The characters and the organization in the case are fictitious and the events and facts included in the case are merely a representation of a typical procurement situation faced in a public organization. The case should be used for initiating and contextualizing the concepts in a classroom environment only.

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After having a sumptuous lunch at Cardamon, Pradeep Sreekumar, the Chief Procurement Management at JB Hospitals (JBH), was leisurely walking towards his office room located in the academic building of JB Hospital. As he was approaching his office, he heard his telephone ringing. Hurriedly, he opened the door. “Hello”, Sreekumar said as he picked the phone. It was Dr. J P Srivastava – the medical superintendent – on the other side.

“Good afternoon, Pradeep. How are you doing”

“Good afternoon, sir. I am doing fine”

“Pradeep, I just called you to check on the status of the NIT for cardamon.”

“Yes sir. My team has prepared a draft tender document and it was kept on my desk this morning. I will review it by this afternoon and would do the needful at the earliest.”

“Very good. Please treat it as urgent. As you know that the present contract for Cardamon is expiring in August. There will be a huge chaos if we cannot identify a contractor by then.”

“Yes sir. We will try our best to make that happen.”

Sreekumar looked at his desk as he dropped the phone. The file containing the draft NIT for hiring a contractor for providing food and catering services at cardamom (EXHIBIT 1). If the draft is alright, then he can send it to the Chief Medical Officer for the approval necessary for releasing the tender. On a normal day, sitting in his chair, Sreekumar cherishes a 15-minute power nap after his lunch. However, today he plans to skip the nap and focus on completing the review of the draft NIT sent by his purchase officer. As he glanced through the draft, he realized that the purchase officer pulled out the last NIT that was released 2 years back and made some cosmetic changes before forwarding it to him. It was clear to him that the purchase officer was more interested in fulfilling all the technical requirements of releasing a tender and ensure that a contractor for food and catering services is selected without much trouble. He also recalled that with the same NIT and the procurement process led to the selection of the current contractor and everyone in the JBH community had their own bad experiences to narrate. Sreekumar did not find any reasons on why this time the process would result in a better contractor and a service as demanded by the community.

### **ABOUT JB HOSPITAL**

J B Hospital (JBH) was established by the government as a multi-specialty general hospital for serving the people of the district where the hospital is located. From a modest beginning, three decades back, JBH has now become the leading healthcare services provider in the district. With 500 bed capacity, the hospital attends, on an average, 1200 patients in the OPD. The major medical specialties include general medicine, obstetrics & gynecology, pediatrics & neonatology, orthopedics, general surgery,

ENT, ophthalmology, dental, pathology, radiology, and emergency medicine. Additionally, the hospital also employs about 76 doctors, 131 nurses, and 274 administrative and supporting staff. Additionally, they also employ a large number of contractual staff for many services such as security, cleaning, housekeeping etc. JBH has four multi-storied buildings close to each other that houses the out-patient and in-patient wards, casualty, diagnostics, pharmacy, materials management, canteen, and all housekeeping related activities. Additionally, JBH also has a separate multi-storied building that is primarily used to house the administrative departments.

Over the years, JBH has expanded its capacity as well as capability by adding more medical facilities including OTs, ICUs, diagnostics equipment and medical services. However, the patient load is continuously increasing as more and more people from nearby districts also are coming JBH. As a result, the facilities are always overcrowded. Often, floors and corridors of the in-patient wards will be occupied by patients who could not get a bed. Additionally, typically in India, patients will visit a hospital with many relatives and other attendants. This makes any facility in JCB overcrowded.

## **ABOUT CATERING SERVICES**

*Cardamon* is used by all staff members of JBH for regular meals, official programs, and family events. Both the hospital administration and the JBH community extensively use the services of Cardamon and that why it is very important for everyone at JB Hospital. It is not just an office canteen as in any other offices but also a place for informal meetings and family gatherings. Being in the administrative building of JBH it is convenient for most of the staff members and administrative and academic visitors to use Cardamon for breakfasts, lunch, and dinner. JBH also uses their services for serving tea, snacks, and working lunches for meetings and other events organized by various medical and administrative departments. Such services are also extended to office and seminar rooms. Occupying 7,500 sqft area, it is quite spacious for both the restaurant staff as well as customers. This makes cardamon a preferred place for informal gathering. Doctors, nurses, and non-medical staff members often come in groups and would spend long hours over a cup of tea. When a staff member visit with his/her family members, they also find the place very convenient and safer for their children. The children love the play area, and the parents and other elders can spend a very good time without having to bother too much about their children's activities. That is why staff members would visit cardamon quite often with their family. The facility is also used for organizing birthday parties and other small gatherings.

However, off late, people were not at all happy with the services of Cardamon. The unhappiness noticeably increased after the current contractor took charge of cardamon. Number of complaints have increased to the extent that there is hardly any week is passed without any major complaint. Complaints are multifaceted. The primary concern is about poor quality of food. They are not just about poor taste but there are complaints of half-cooked and pale food, usage of too much of oil, inappropriate use of spices etc. People have even found stones while eating food. JBH being one of the most prominent hospitals in the district the patient handled every day is quite large. Doctors and nurses put lot of efforts and take stress to handle each patient with utmost sincerity and deliver best quality of treatment. The supporting medical employees and non-medical staff also regularly go beyond their capabilities to serve patients visiting JBH. Dr. Srivastava, the medical superintendent, summarizes the situation in the following words:

*The hospital leadership believes that making healthy and hygienic food available during work hours is a minimum that the employees deserve. And you will hear lot of murmurs when they*

*find dirty crockery, unresponsive service, and bad attitude of the serving personal. Further, I believe that the family values and community feelings among JBH employees are key to meeting its mission of providing compassionate care and making quality treatment available to the larger sections of the society. Cardamon is at the center of many of the community activities and events. Poor quality of service by cardamon affects the above value of JBH specially when there are very few quality places, in this remote district, to experience the family bonding and share quality time with the community.*

There are several challenges through in finding a suitable contractor who can meet the needs as specified above. In fact, there are not many good contractors that are locally available. In such a case JBH is not sure how to attract good contractors from far off places. Being in a remote area, any local contractor would be limited in arranging skilled chef and cooks and staff members with the right attitude. This may affect food quality, taste, and hygiene standards to be followed by the likely contractor. An additional challenge is that, unlike purchasing a product whose quality can be easily verified before acceptance by the buyer, the quality of food and catering services can be realized only at the time of consumption. In such a case, it is not known whether the general terms and conditions as mentioned in the NIT would be sufficient to ensure quality and prevent any acts of opportunism by the contractor.

The community needs not only the meals and the food items but also looking forward to having a good experience at Cardamon. Further, the likely contractor would also have to customize the menu as well the associated services for special occasions. Such customization and special services have a cost. It is not known how a contractor competing based on least costs of the menu items would be recovering such costs of quality, customization, and special services.

**EXHIBIT 1**  
**NOTICE INVITING TENDER**

**Draft**

JB Hospital (JBH) invites sealed bids from experienced, reputed, and qualified contractors for providing catering services at its restaurant Cardamon located in its academic building. Potential bidders may visit JBH for a first-hand understanding of the nature and quality of the service desired and the facilities available at Cardamon. The following would be the guidelines for submission of the bids:

1. **Name of The Work:** Providing food and catering services at Cardamon restaurant, JB Hospital
2. **Scope of the Work:** *Cardamon* is a restaurant located at the academic building of JBH and is being primarily used for serving doctors, nurses, other medical and supporting staff members, visitors, and invited guests of staff members and the Hospital. The restaurant facility occupies about 7,500 sqft area on 8<sup>th</sup> floor of the academic building and is divided into dining area, kitchen, serving area, utility area, storeroom, a big balcony with a magnificent view of city, a children's play area, and small recreation area for private gatherings. The restaurant also connected to Building 3 housing primarily administrative offices of the hospital, doctor's chambers, seminar, and meeting halls through two skyways on floor 4 and 7. Utilizing the facilities of *Cardamon* the successful contractor is expected to provide a high-quality catering service with the following scopes:
  - Serving breakfast, lunch, and dinner according to the menu as specified in the details of preparing financial bids described in 8.
  - The timings for breakfast/lunch/dinner will be as follows:  
Breakfast: 7:00 -10:00 AM  
Lunch: 12:30 – 2:30 PM  
Dinner: 7:00 – 9:30 PM
  - Provide food and catering services at any location of the hospital premises (including cardamon) for conferences, seminars, meetings, and events organized by the hospital and private gathering of hospital staff members.
3. The tender document has of two parts: Part A - Technical Bid and (ii) Part B - Commercial Bid. They may be downloaded from the hospital website.
4. Bids should adhere to the following norms:
  - a. The Technical Bid must be submitted in separate sealed envelope appropriately superscribed "Part A: Technical Bid for providing catering services at JBH". The technical bid should include the following:
    - i. A Covering letter on the letter head of the bidder duly signed by authorized person
    - ii. Demand draft for Rs. 50,000.00 as earnest Money Deposit (EMD) drawn in favor of JB Hospital payable at Hyderabad
    - iii. Company profile of the bidder in prescribed format

- iv. Any other relevant document that may help a bidder in highlighting their credentials and technical strengths may be submitted as enclosures with appropriate references in the tender document.
  - b. The Commercial Bid must be submitted in separate sealed envelope appropriately superscribed "Part B: Commercial Bid for providing catering services at JBH". The commercial bid should be filled in the prescribed format and signed by the authorized person
  - c. Both the envelopes containing the technical bid and the commercial bid should be submitted in a single sealed envelope superscribing "Tender for catering services at JBH"
5. The Technical bid shall be opened at 3:00PM on January 12, 2022 at the administrative office of JBH.
6. There will be two stages of the bidding process: Technical Bid and Commercial Bid. The two bids are to be submitted in sealed envelopes separately providing all the necessary information in the prescribed format. The technical capability of the bidder would be assessed on several parameters including Financial Capability (15), Previous Experience (25), Manpower and Establishment (20), Performance of Work (40). The bid evaluation committee would gather additional information and evidences of bidder's capabilities through visit of the bidder's facilities and feedback from previous customers.
7. Potential bidder is advised to visit the site for familiarization with the facilities available and a better analysis of operating environment.
8. Proposed Menu Items for Cardamon and Catering Services

Financial bids must be submitted for each of the items mentioned below along with unit rates inclusive of all taxes.

**a. Breakfast:**

*Menu*

Fruit juice, cut fruit (three varieties based on the season), hot/cold milk with cereals, toast with butter/jam, Omlette, boiled egg, Tea (green/black/lemon/milk) /coffee

North Indian Choice - puri sabji/chola bhatora/poha/aloo paratha/pav bhaji,

South Indian Choice - dosa/idli/vada/upama/uthappam, sambar, chutney,

The menu needs to be rotated on different days of the week.

**b. Lunch**

*Menu*

Vegetarian Meal: Rice, chapati, vegetable salad, dal, one fried item, mixed veg fry/gravy, choice of paneer item, choice of vegetable curry, lemon, pickle, one sweet item, curd.

Non-vegetarian Meal: Rice, chapati, vegetable salad, dal, one fried item, mixed veg fry/gravy, choice of chicken curry, lemon, pickle, one sweet item, curd.

South Indian Meal: Choice of white rice/ghee rice/lemon rice/curd ride, vegetable salad, sambhar, chapathi, rasam, butter milk, poriyal/thoran, vegetable curry (2 types), papad, mango and garlic pickle, curd.

**c. Dinner**

*Menu*

Vegetarian Meal: Rice, chapati, vegetable salad, dal, one fried item, mixed veg fry/gravy, choice of paneer item, choice of vegetable curry, lemon, pickle, one sweet item, curd.

Non-vegetarian Meal: Rice, chapati, vegetable salad, dal, one fried item, mixed veg fry/gravy, choice of chicken curry, lemon, pickle, one sweet item, curd.

South Indian Meal: Choice of white rice/ghee rice/lemon rice/curd ride, vegetable salad, sambhar, chapathi, rasam, butter milk, poriyal/thoran, vegetable curry (2 types), papad, mango and garlic pickle, curd.

The exact items in lunch and dinner need to be different. Further, the exact menu on different days of the week need to be different.

**d. Other assorted food items**

In addition to the meals a minimum of the following items must be made available on A-la-carte basis during both lunch and dinner hours.

Veg Pulao/ Veg Fried Rice/ Veg Biryani

Samosa / Bread Pakoda / Dal Kachori / Pyaz Kachori

Veg Sandwich/Snacks /Cookies

Ice cream/Soft drinks/Mineral water

Dal Tadka/Dal Makhani/Dal Fry

Mix vegetable curry/Aloo mutter /Veg kolhapuri or similar (minimum two choice should be available)

Kadai paneer/paneer butter masal/ paneer bhurhi/achari paneer or similar (minimum two choice should be available)

Pepper Chicken/Butter Chicken/ Chicken Chettinad /Fish Curry/Fish Mulakittath or similar (minimum two choice should be available)

Dosa/Uttapam/Vada with sambhar and two types of chutney

The vendor may also serve other items (including fish) based on season and demand.

**e. Other Services**

- The vendor would maintain enough staff members to provide highest level of customer attention and service.
- The vendor should recruit and train its staff members to maintain highest standards of cleanliness, hygiene, and attitude.
- The staff members need to be well dressed and well mannered.
- The vendor should implement best practices in ensuring food safety, cleanliness, and hygiene.
- The vendor should utilize best quality and aesthetically appropriate utensils, accessories, and cutleries.

**f. Special Events**

Conferences, Seminars,  
Party, family gatherings, conferences and official meetings –

**9. Eligibility of vendors**

- The bidder should have a minimum of 6 years of previous experience in the food and catering service business and 3 years of experience of running canteens (serving at least 200 customers daily) in reputed government/private organization on the day of submission of the bid.
- The bidder must have all the necessary permissions and trade licenses for running a food and catering services.
- The bidder must have an annual turnover of at least Rs.50 Lakhs per year in the last 3 years.
- At least one owner/partner/director of the bidder firm should have a professional degree/ diploma in Hotel Management and/or Catering and Nutrition from a reputed institute.
- The bidder must have a valid GST No., PAN No., ESIC and EPF Registration No.
- The bidder should possess a FSSAI license and all the necessary approvals for running a food and catering services.

**10. Evaluation of Tender:**

- A. The Bid Evaluation Committee would assess the technical capability of the vendor based on the criteria as mentioned in 6. The assessment would be carried out following the scoring mechanism as indicated and all bids scoring 70 marks from a total of 100 would be considered as qualified.
- B. All bids that have scored 70% in the technical stage will qualify for the commercial stage of this tendering process. All technically qualified bids would be opened for financial evaluation.
- C. The contract would be awarded to the bidder who have qualified the technical stage as in A and has offered the lowest commercial bid.

**General Terms & Conditions**

1. The initial period of the contract would be two years. The contract period may be extended by another year on satisfactory performance evaluations of the services delivered in the previous two years.



2. On failure of the contractor to provide services to the expectations, the contract may be terminated any time during the currency of the contract. However, before such termination sufficient feedback by the competent authority shall be provided along with a 15 days opportunity to improve the service performance to the expectation of JBH. Such opportunities for improvement shall be provided only once during the tenure of the contract and evaluation of such improvements would be carried out based on customer feedback and the opinion of an evaluation committee. A 30 days' notice shall be provided for any termination.
3. The vendor shall not use the premises and facilities of cardamon for any other activities or conducting businesses other than those necessary/related to providing food and catering services as detailed in Statement of Work. The vendor would not have any authority to sub-let the premises or transfer the contract to a third party.
4. All the employees and staff members of the vendor would display courteous and professional behaviour including respect for women while discharging their duty. They are also not supposed to indulge in any illegal activities including storage and consumption of alcohol, narcotics, and other illegal substances.
5. The vendor will be solely responsible for the maintenance and upkeep of the facilities, furniture, and fixtures. Any damage to the facility shall be appropriately repaired/replaced by the vendor.
6. The vendor shall adequately compensate its employees and staff members and comply with all the necessary laws including employees provident fund and ESI act. The vendor shall provide clean uniforms to its staff members and extent health and other social benefits commensurate with the provision of law.
7. There would not be any accommodation provided in the JBH premises for any of the staff members of the vendor. However, few accommodations arrangement can be made for emergency staff on the request of the vendor. However, such accommodations shall be provided on availability and against payment.
8. While water shall be available to the vendor free of cost, there is a separate meter for electricity and the vendor shall pay the electricity dues on the timely manner.
9. The vendor shall use only high-quality, branded, and certified raw materials and eatables. The vendor shall also implement appropriate food quality and safety practices. A well-documented processes for verification and inspection of quality must be implemented by the vendor.
10. The vendor shall keep the food and catering services available from 6:30AM to 10:30PM. At least one experienced and professionally qualified manager must be present at the cardamon during the operating hours. The vendor shall also implement a complaint handling and suggestion management system in place.
11. The vendor shall maintain books of accounts, registers, and other necessary documents in connection with the running of their operation. Such documents may be made available on demand for the purpose of inspection by the competent authority from JBH and by any law enforcing agencies.
12. The vendor shall pay all necessary taxes and statutory duties in a timely manner.

13. The vendor's operations and the services offered at cardamon shall be reviewed and inspected from time to time by the committee appointed by JBH. The feedback and advises of the committee shall be binding on the vendor and must be complied with.

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