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MEALS ON WHEELS LONDON: OPERATIONS THAT MATTER

When Chad Callander, executive director of Meals on Wheels London (MOWL), arrived at his office on another busy Monday morning, an email marked urgent was waiting for him in his inbox. It was from the organization's volunteer coordinator to inform him that yet another volunteer would be unable to make deliveries that day. "This is the third volunteer we've lost for this morning," the message read. "I've exhausted all of our spares. We'll need staff to step in again today. This keeps happening, and we need to figure out a longer-term solution. I'm exhausted."

This was not the first time Callander had encountered this problem, and he had already started to consider three possible approaches to alleviating it. However, the recurrence of the issue and the exhaustion expressed by the volunteer coordinator—who played a critically important role in the organization—gave the situation a new sense of urgency, and Callander recognized the need to act promptly to address it.

ORGANIZATIONAL BACKGROUND

Meals on Wheels had its origins in the United Kingdom during the Second World War. Its programs aimed to help seniors who were experiencing challenges while younger people were away serving in wartime capacities.[1] In Canada, the program was started in 1963 in Brantford, Ontario, under the Red Cross banner.[2] In London, Ontario, MOWL traced its origins back to 1969. Today, MOWL operated as a not-for-profit home and community care provider under an agreement with Ontario Health. The organization primarily provided two services:

1) Meals on Wheels – Provided nutritional support to adults with disabilities and seniors (55+) who required short-term (i.e., seasonal, recuperation, caregiver relief) or long-term assistance.
2) Wheels for Wellness – Provided a door-to-door transportation service for adults with disabilities and seniors (55+) to and from wellness appointments in London.

MOWL's goal was to build independence for its clients by helping support their nutritional needs at home. It also fostered community connections through its volunteers, without whom the organization would have

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[1] "The Origins of Meals on Wheels," Royal Voluntary Service, October 15, 2007, accessed November 26, 2023, https://www.royalvoluntaryservice.org.uk/media/ippfdj4w/origins_of_meals_on_wheels_2021.pdf.
[2] "Meals on Wheels Photograph," Canadian Red Cross, accessed November 26, 2023, https://www.redcross.ca/history/artifacts/meals-on-wheels-photograph.

been unable to operate. Friendly and dedicated volunteers filled many roles, including as meal delivery and appointment transportation drivers.

THE INDUSTRY

The meal delivery industry was projected to reach $9.8 billion[3] in Canada in 2023 and was projected to grow at a compound annual growth rate (CAGR) of seven per cent over the following four-year period.[4] Industry players ranged from one-off meal delivery platforms such as Uber Eats, SkipTheDishes, and DoorDash to grocery and meal kit subscription services such as Goodfood and Chefs Plate. However, Callander noted that MOWL did not really compete in this sector, given its not-for-profit status and mission and very specific targeting of seniors and adults with disabilities.

Not-for-profit organizations were facing a variety of challenges in 2023. Callander was concerned about a trifecta of threats facing MOWL: inflation was increasing costs, competition for donations was intensifying, and high government debt levels threatened to result in reductions in government funding.[5] At the same time, food insecurity in Canada had reached record levels, making the need for MOWL's services more important than ever.[6]

MOWL'S FINANCES

MOWL's financial position had worsened in fiscal 2023 from the previous year due to increased costs and reduced grant and fundraising revenues. MOWL was heavily reliant on an Ontario government grant, as well as revenue from its meal service (see Exhibit 1). Fundraising and revenue from the Wellness on Wheels service were much smaller in comparison. In fiscal 2023, expenses exceeded revenues by just over $138,000. By comparison, MOWL's financial position had been better in fiscal 2022, as revenues had exceeded expenses by just over $33,000.

Callander knew that MOWL could not afford to lose meal service revenues and customers. MOWL currently charged its customers between $4.25 and $8.50 per meal, depending on whether they received subsidized prices based on specific eligibility criteria (see Exhibit 2). According to Callander's rough estimate, 50 per cent of MOWL's customers currently paid the full price, with the remainder receiving a subsidized price.

DEMAND

Based on MOWL's current customer levels, the organization needed to deliver 5,267 fresh meals every month. However, given the growing food insecurity in the London community, as well as Canada's aging population demographics, Callander projected that customer demand would increase in the future. He wanted to develop a plan to ensure that MOWL could service demand that was forecast to gradually increase to 6,020 fresh meals per month in the near future.

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[3] All dollar amounts are in Canadian dollars.
[4] "Meal Delivery – Canada, Market Insights," Statista, accessed November 27, 2023, https://www.statista.com/outlook/dmo/online-food-delivery/meal-delivery/canada.
[5] "2023 Financial Trends for NPOs in Canada: The Economy and Government," Enkel, accessed November 27, 2023, https://www.enkel.ca/blog/not-for-profit/2023-financial-trends-for-npos-in-canada-economy-and-government/.
[6] Schmunk, Rhianna, "As Cost of Living Soars, Millions of Canadians are Turning to Food Banks," CBC News, October 25, 2023, accessed November 27, 2023, https://www.cbc.ca/news/canada/food-bank-use-highest-in-canadian-history-hunger-count-2023-report-1.7006464.

CURRENT OPERATIONS

MOWL's fresh meals were produced by Youth Opportunities Unlimited (YOU) for $6.49 per meal. YOU was a fellow not-for-profit organization that provided a system of support and services for youth in the London community.[7] In addition to producing MOWL's meals, the organization also ran a variety of social enterprises that provided experience, training, and employment to the youth it served. YOU indicated that it had no problem producing the current or potentially projected number of fresh meals that MOWL required.

Meals were delivered by YOU to MOWL at 6:00 a.m. on Mondays, Wednesdays, and Fridays each week.[8] Volunteers would arrive at predetermined intervals on the mornings of these days to begin their shifts. Each volunteer driver's shift would begin with a 10-minute window to transfer the meals into their personal cars and receive their route map and schedule from the volunteer coordinator. Each volunteer driver would then make their allocated deliveries. Each delivery would take approximately 15 minutes, including travel and delivery times, as well as time to chat briefly with the customers to whom they were making deliveries. Callander also found it prudent to include five minutes in each volunteer's approximately two-hour total shift time for unexpected occurrences. Bad weather, road closures, or other unfortunate circumstances meant that shifts were known to take longer on occasion.

MOWL aimed to have 25 volunteer drivers making deliveries each delivery day, with five spares to cover for unexpected absences. However, in recent times, they had averaged 23 drivers, even after their spares had been exhausted. Such absences were covered by MOWL's full-time staff. In fact, over the past few months, Callander himself had taken on many routes. However, he did not consider such coverage part of MOWL's normal operations and wanted to find a solution that would eliminate the regularity of such occurrences.

ALTERNATIVES UNDER CONSIDERATION

Faced with MOWL's consistent struggle to find enough volunteers for the triweekly fresh meal deliveries, Callander had done some research on possible alternatives that might help alleviate the issue and had identified three possibilities: using new, state-of-the-art computer route generation software to allocate volunteers more efficiently; running a volunteer recruitment campaign; and hiring paid delivery drivers to supplement MOWL's volunteers.

New Route Generation Software

MOWL currently used a software system to track orders and client and volunteer information. The software currently in use came at a $5,000 annual subscription cost. Callander was now considering purchasing upgraded software from the same publisher. This upgraded system would produce routes for volunteers to make deliveries of fresh meals, which MOWL's team would then only need to adjust as necessary. The upgraded system would cost $28,000, and the new annual subscription fee would be $12,000.[9]

Callander believed that the new system would reduce the time it took to make each individual delivery by one-eighth. He also believed that the new system would yield time savings on route management, eliminating the one-and-a-half hours of overtime worked by the volunteer coordinator on fresh meal

[7] "About," Youth Opportunities Unlimited, accessed December 1, 2023, https://www.you.ca/about/.
[8] The deliveries on Mondays and Wednesdays included two meals per customer, while those on Fridays included three, thereby providing customers with a meal per day for each of the seven days of the week.
[9] In negotiations, Callander had been told that MOWL would receive a 40 per cent discount on the upfront cost of the new system.

delivery days.[10] Callander was excited by the possibilities that the new system could bring to MOWL but knew that, like any new technological implementation, issues could arise.

Volunteer Recruitment Campaign

Given MOWL's shortage of volunteers, Callander also considered initiating a volunteer recruitment campaign. The campaign would consist of a variety of promotional strategies to attract new volunteers, ranging from social media marketing to attending community events. The anticipated one-time cost of the recruitment campaign was $2,500. Based on similar campaigns in the past, Callander anticipated that this financial outlay would result in a sign-up of between five and 10 new volunteers. Each volunteer would require MOWL to cover $400 worth of initial training, background checks, and MOWL merchandise.

With scheduling restrictions, vacations, illness, and other factors, 60 per cent of MOWL's volunteer base was available to drive a route on any given delivery day. Each year, MOWL experienced a natural 40 per cent turnover in its volunteer base. Callander wanted to include the costs associated with this turnover in his financial analysis of this option. Although this option had been somewhat successful in the past, Callander was unsure if it would solve MOWL's problems. He was also concerned about the volatility that MOWL had consistently experienced with volunteers.

Paid Delivery Drivers

To reduce the volatility associated with using volunteers, Callander also considered hiring paid delivery drivers to supplement volunteers for the triweekly fresh meal deliveries. He was interested in initially conducting a trial of this option using two paid delivery drivers to make up for the average volunteer shortfall that MOWL currently experienced. If this option proved successful, then the number of paid delivery drivers could potentially be increased.

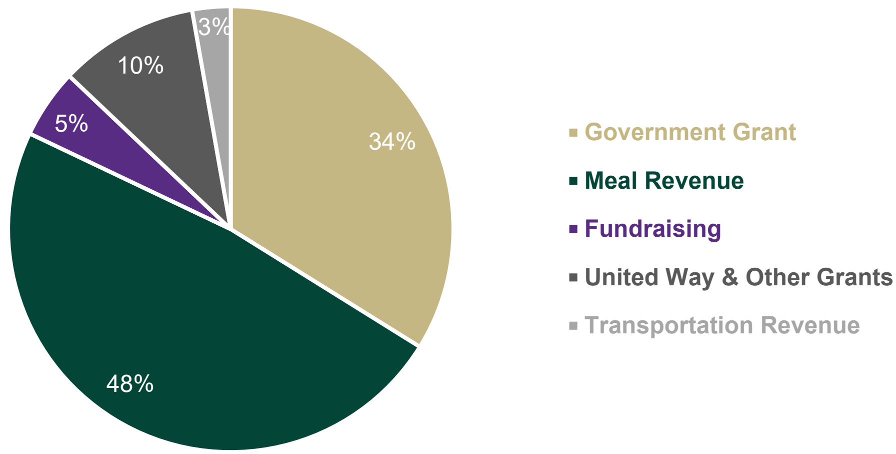
While Callander was unsure of his ability to attract candidates for the position, he figured that there were many drivers for Uber, SkipTheDishes, and other delivery services who struggled to find business in the mornings and would appreciate a guaranteed $28 per hour for two-and-a-half hours of deliveries.[11] He anticipated that it would cost $1,000 to recruit two paid delivery drivers. In addition, the training, background checks, and merchandise costs would be the same for paid delivery drivers as for new volunteers. While Callander was excited by the stability that this option could provide, he was concerned about its financial impact. He was also concerned about how paying some delivery drivers and not others might hurt the organizational culture and future volunteer recruitment.

CONCLUSION

With MOWL's board meeting fast approaching on Thursday, Callander wanted to ensure that he was armed with a plan to tackle the volunteer shortage the organization was experiencing. He considered each of the alternatives separately but was also intrigued to see if combining any of the options could provide further improved outcomes. The board would also need to approve any upfront investments, since they would require utilizing MOWL's reserve funds. Callander anticipated that the decisions he made would have a project life of 10 years.[12]

[10] The volunteer coordinator's overtime pay rate was $32.50 per hour.
[11] The delivery drivers would be expected to pay for their own fuel and expenses.
[12] The organization used a minimum acceptable rate of return of five per cent.

EXHIBIT 1: MOWL'S REVENUE BREAKDOWN – FISCAL 2023



Source: MOWL's financials.

EXHIBIT 2: MOWL'S FRESH MEAL PRICING

Customer Type	Price	Sales Percentage
Full Price	$8.50	50%
Partially Subsidized	$5.50	25%
Fully Subsidized	$4.25	25%

Source: MOWL's records.