

FOOD PURCHASING: FROM PITFALLS TO PROFIT

by Brother Herman Zaccarelli

Purchasing food, foodservice equipment and supplies is unique. The purchasing policies affect food and labor costs, the sanitation and safety of the operation, nutritional dependability, the quality of the program, and production, serving and cleaning costs.

Experience has shown there are many mistakes to be avoided in purchasing. Following are some erroneous practices club managers must avoid if they are to perform well.

Overbuying. Most often the overbuyer is a "guesser" — he guesses instead of plans. Because he wants to be sure to have enough of everything on hand, he usually has far too much. As a result, overbuying is extremely wasteful and expensive.

Greater waste is associated with perishable items, such as fruits, vegetables, meats, and all grain products. Overbuying this merchandise results in a two-fold waste, financial and nutritional. That which goes bad is lost and is sheer waste; that which can be utilized, even though it is comparatively old, has lost much of its nutritional value, so it is practically useless. Because fresh produce deteriorates so quickly, a good practice is to pay a little more, if need be, for frequent deliveries than to load up at possible lower prices.

Underbuying. Like the overbuyer, the underbuyer does not know his average consumption, so he guesses. In addition, he is overcautious. As a result, he frequently runs out of merchandise; this causes no end of confusion and brings on justifiable criticism.

It is better to have a little too much than too little, and in large quantity food service, waste cannot be prevented entirely. A little waste

occasionally is normal procedure. The club manager must study and know his club's needs over a reasonable period and buy accordingly.

Price Buying. A price buyer bases his buying decision solely on price and usually purchases the cheapest products. The buyer can easily make this mistake unless he is familiar with correct buying principles. The lowest-priced item is not always the cheapest. Uncalculated leakage can prevail with this type of procedure. With foodstuffs and particularly with perishables, the club usually gets only what it pays for and no more. Inferior merchandise consumes only initial savings, and the club suffers in the "bargain."

Knowledge of merchandise and alertness are indispensable if the buyer is to evade this erroneous practice. The buyer must choose the quality best suited for his club's needs and then shop for the best price.

Quality Buying. This person buys only the best of everything without considering price. He is a prime target for sales representatives, because they rarely have to shade prices or offer any inducements. The quality buyer also leaves himself wide open to the unscrupulous.

This type of "one track" buying is extravagant and expensive. Also, this buyer actually does not always get the high quality he thinks he is getting. Quality buying is frequently associated with "one house" buying. The buyer is completely sold on a company that has a reputation for high-quality merchandise. He erroneously concludes that most every item this company carries is the best. It is not an exception to get an even better quality at a much

lower price from a moderately priced company. The remedy for quality is to compare various brands as well as prices.

Bargain Buying. A bargain buyer insists on a price reduction on every purchase. As long as he gets the cut rate, he thinks he has saved money. This buyer is a fall guy for inferior merchandise and very often gets trimmed. In contrast, the smart buyer knows there are few exceptional bargains, especially in the food line.

Bargain buyers frequently overbuy because they are captivated by the possibility of seemingly getting something for nothing. Nothing is a bargain unless it will be used within a reasonably-specified period. A price reduction means nothing in itself; there has to be a standard of comparison. The buyer must know the current market price.

Pressure Buying. This buyer cannot say no — he has no sales resistance whatsoever. He overstocks, duplicates items, and deals with too many concerns. The club manager must beware of fast-talking pressure specialists with their "great bargains" in perishables, such as potatoes, apples, oranges, and the like. Too many sad experiences have proven it is a rare exception to come out on top in these instances.

Cleaning material is another field in which the club manager can easily yield to pressure selling. Representatives of reputable houses avoid such practices. It is good practice never to make an on-the-spot decision to switch products of this kind; the manager must think it over and weigh all the angles. Also, the buyer must steel himself against pressure selling by buying strictly according to his club's needs and from reputable concerns.

Personality Buying. Some buyers are influenced too much by the personality of the sales representatives. To give most of the business to a person simply because he is more likeable than the others is contrary to good business practices.

Competitive Buying. If the manager fails to utilize the competitive spirit between companies, he loses out financially. Instead of being a buyer, he functions solely as an "order giver." On the other hand, the manager who capitalizes upon competition will avoid such pitfalls as a satisfied, one-house, buyer.

Quantity Buying. In general, buying in quantity means lower costs. Usually a company is ready to reduce the cost per unit if it can get volume business. The cost difference may amount to only 25 to 35 cents per case, but in lots of 10, 20, or more, that small savings adds up to a considerable amount. This is why it is so important for the buyer to know the average consumption of each article over a definite period.

Because there is an element of chance in most quantity buying, the manager must consider all factors before making such a purchase. What is the predicted supply of the item? If the supply is above normal, the price is likely to drop after a short time. Conversely, if there is a shortage, the price will no doubt rise as the supply dwindles. A normal supply usually means the price will remain stationary, unless some unforeseen emergency arises.

In normal times, many food distributors contract for future delivery over a period of time. For example, the food buyer wants 75 cases of some item. After getting the best price for the quality desired, the buyer arranges to receive deliveries in 10-15- or 25-case lots and to pay as delivered. Then, if the price happens to rise, the buyer is protected against the rise. If the price drops below the original quotation, the buyer receives the benefit of the decrease on the merchandise the jobber is holding for future delivery. This procedure is sometimes called "futures" — order it now, take it out as needed.

Season Buying. Even with modern transportation and the frozen foods industry, seasonal buying has not been eliminated completely. In fact, club managers can make costly mistakes simply because many fresh foods can be purchased the year around or out of the regular season. Seasons directly affect canned and frozen foods, so the manager must be alert. He must be familiar with the terms "old" and "new" pack and all that they signify.

Supply and Demand. Fundamentally the price of all merchandise is controlled by the consumer demand for it, and here the smart manager's knowledge pays high dividends. Some items are more definitely and readily affected than others. Perishables of all kinds head the list. At times, excellent buys of what are termed wholesale cuts of meat are available. The food buyer is far more likely to reap such an advantage from a jobber than directly from a large packer for the following reason: when a packer is overstocked with an item, he calls the jobber to take it off his hands at a greatly reduced price. The jobber passes the saving along to the customer because he usually wants a quick turnover. □

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