Purchase:

Introduction

The purchasing department's role is to make sure that supplies, equipment and services are available to the operation in quantities appropriate to predetermined standards, at the right price and at a minimum cost to meet desired standards. Generally, those responsible for purchasing have the authority to commit the establishment's funds to buying required goods or services. By following established purchasing procedures, an operation can avoid many purchasing pitfall such as panic buying, over or short purchasing, buying by price rather than by a combination of quality and price, pressure buying or what is probably quite common, satisfied buying.

Principles of Purchasing:

Policies : Determines what market segment is aimed at. It also determines prices to be paid for purchases and prices that items are to be sold at and last but not the least determines the quality to be purchased.

Menu : Determines the choice of item available to customer

Volume forecasting : determines the quantity to be purchased

Requisition : indicates the particular requirements of each outlet.

Purchasing procedure involves Selection of suppliers, contracts, quantities to be purchased, specifications for individual items and ensures continuity of supply. **Receiving** involves inspection for quantity and quality of ingredients received. **Storing** involves correct storage for each item. Maintenance of stock records and security of items, Correct stock level and correct issuing.

Purchasing manager

The duties and responsibilities of purchase manager:-

1. Responsibility for the management of the purchasing office, the receiving, storage

and cellar areas.

2. The purchasing of all commodities.
3. Ensuring continuity of supply of all items to user departments.
4. Finding cheaper (for same quality) and more efficient sources of supply.
5. Keeping up to date with all the markets being dealt with and evaluating new products.
6. Research into products, markets, price trends etc.
7. Co-coordinating with production department to standardize commodities and therefore reduce stock levels.
8. Liaising with production, control, accounts and marketing departments.
9. Reporting to senior management.

Types of food purchases

I. **Purchasing by contract-** this is basically of two types-
The specific period contract: This aims at determining the source of supply and the price of goods for a stated period often of three or six months. This reduces the time and labor of negotiating and ordering to a minimum, plus it has the added advantage of assisting with budgeting and pricing, when the prices of items are fixed for a period of time. Items with a fairly stable price, such as milk, cream, bread, etc. can be contracted in this way.
The quantity contract: This aims at ensuring continuity of supply of a given quantity of an essential item at an agreed price over a particular trading period. The purchase of frozen fruits and vegetable for use in a banqueting or a summer season are typical examples when the supply could be affected by the weather conditions with subsequent price fluctuations and where a quantity contract is advisable used.
II. **Purchasing by daily market list**- this method is used when purchasing perishable food on a daily basis and when it is possible to have two or more approved suppliers.
iii. **Purchase by weekly/ fortnightly quotation list-** this method is used to purchase grocery items where delivery once in fortnight is adequate. The method is similar to that described when purchasing perishable food by daily market list.
IV. **Purchasing by cash and carry-** this method is of particular interest to the medium and small establishments whose orders are often not large enough to be able to get regular

deliveries from wholesalers and food manufacturers. Cash and carry food warehouses are situated in all towns and resemble in layout and operation that of very large food supermarkets

V. **Purchasing by paid reserve-** this method is used when it is necessary to ensure the continuity of supply of an item for the menu which is of particular importance to a restaurant. Caterers are buying in advance a large quantity of a commodity to cover needs for several months ahead, and requisitioning their weekly requirements from suppliers, who holds the stock. Examples of products which are purchased by the method are frozen jumbo size pacific prawns and frozen fillets of beef.

VI. **Total supply**- this method is relatively new. It is a method offered only by a few major suppliers who are able to offer a full supply service of all commodities to caterers. This has the advantage of only having to negotiate with one supplier; a reduce volume of paperwork and far fewer deliveries. The main disadvantage is that of being tied to one major supplier, whose prices may not be competitive as when using several suppliers and whose range of certain commodities may be limited.

VII. **Cost plus-** this is method used frequently in the welfare sector of the industry. The establishment agrees to pay an approved supplier exactly the same price that the supplier paid for the commodities plus an agreed percentage, often 10-12 percent. This percentage would include the cost of handling, delivery charges, and a profit element for supplier

Quality Purchasing

Just as it is not possible to determine inventory levels or items to be purchased without standardized recipes, it is not possible to manage costs where purchasing is concerned without the use of product specifications, or “specs.” A product spec is simply a detailed description of an ingredient or menu item. A spec is a way for you to communicate in a very precise way with a vendor so that your operation receives the exact item requested, delivery after delivery. A foodservice specification generally consists of the following information:

1. Product name or specification number
2. Pricing unit
3. Standard or grade

4. Weight range/size
5. Processing and/or packaging
6. Container size
7. Intended use
8. Other information such as product yield

Standard purchase specification

- Purchase specifications should be used whenever possible in purchasing. A purchase specification is a concise description of the quality, size and weight (or count) required for a particular item. Each specification would be particular to an establishment and would have been determined by members of the management team (for example, the purchasing manager, head chef and the food and beverage manager) by reference to the catering policy, the menu requirements and its price range. Copies of the specifications should be kept by the relevant members of the management; the goods received clerk and the food control clerks and sent to all suppliers on the 'approved suppliers list'

The reasons for preparing specifications are:

1. It establishes buying standard of a commodity for an establishment so that a standard product is available for the kitchen and restaurant to prepare for the customer.
2. It informs the supplier in writing (and often aided by a line drawing or photograph) precisely what is required, and it assists the supplier in being competitive with pricing.
3. It provides detailed information to the goods received clerk and the store man as to the standard of the foods to accept.
4. It makes staff aware of the differences that can occur in produce, for example, size, weight, quality; quantity, etc.

When writing specifications it is convenient to write them in a standard form giving the following information:

Definition of the item:. Care must be exercised here that the common catering term used by the buyer means exactly the same thing to the supplier.

Grade or brand name:, for example apples grade extra class; Lea and Perrins 'Worcester sauce'.

Weight, size or count,: for example pounds, hundred weights, kilos, etc.

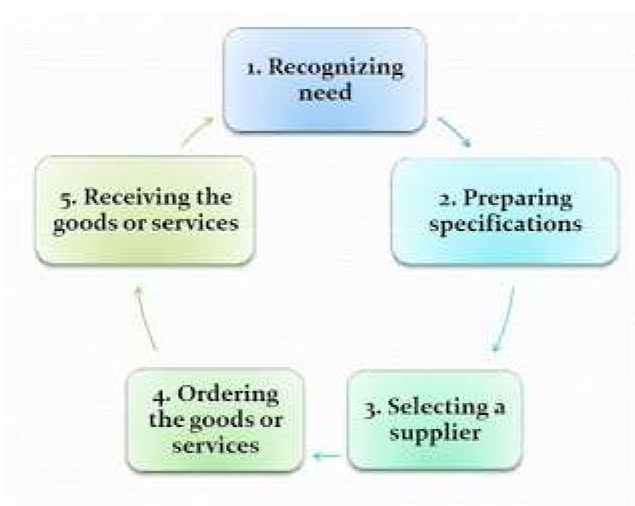
Unit against which prices should be quoted,: for example per pound, per case, etc.

Special notes for the commodity: for example for meat it could contain details of the preparation of a particular cut of meat or details of special packaging requirements.

Advantages of standard purchase specification and standard yield

- The product requirement is carefully thought about and documented and hence the supplier has a clear idea what to get and charge which reduces or eliminates misunderstanding between supplier and establishment.
- The delivery time is reduced for frequently purchased items by giving the orders directly over the phone to the sales person .
- Permit competitive bidding
- Allow the person responsible for receiving to check the quantity of delivered goods against a written description of the quality desired

Purchasing Procedure: Purchase procedure has the following stages



Purchase cycle

1. Kitchens, Restaurants, Bars, etc send their requisitions to the store and stores intimates purchase department regarding the requirements.
2. Purchase officer makes the final list of items to be purchased and decides the department / supplier from whom to purchase and the quantity and quality required.
3. Either he places order on telephone and sends the purchase order later or the order is placed against purchase order. A copy of the purchase order is marked to stores department so that stores can receive the items as per the purchase specifications.
4. The goods are received along with the supply order by the stores department, The stores check the quality, quantity, weight etc. and checks the purchaser order and supply order/After ensuring the right quality and quantity he signs the supply order and returns the copy of supply order to the supplier. A copy of the supply order is also send to purchase department and accounts department. The supplier sends the bill along with a supply order and purchase order to accounts department for settlement of the bill.
5. The stores receive the goods; enter in the stores and supplies to the respective department.

Purchase order

These are the formal agreement that a product is going to be bought at a specific price. This is a promise to purchase goods as opposed to an invoice, which is created by the purchaser for goods already delivered.

Advantages:

1. Written verification of quoted price.
2. Written verification of quantity ordered.
3. Written verification of the receipt of all goods ordered.
4. Written and special instruction to the receiving clerk, as needed
5. Written verification of conformance to product specification
6. Written authorization to prepare vendor invoice for payment.