



Foodservice Supply Basics: Systematic improvement of food and supply cost.

There are many philosophies on how to get the best prices in food and supply purchases. What is best in the long run? Bid or Consolidate? We believe working with your suppliers and consolidating where possible for the long term yield greater rewards. Here are simple steps in lowering food and supply prices with more benefits to the organization than just cheap prices.

Hard purchasing costs can be divided into two parts, the price you pay for product and the cost of delivery. Both have a dramatic impact on your budget and both can be dramatically reduced working in tandem.

I. Product Pricing

Step 1: Combine purchasing power.

The old adage “there is strength in numbers” is true, especially when applied to purchasing. When we join together, we become a “super buyer” with the clout to negotiate prices you could never achieve on your own. Using collective aggregation and group purchasing (GPO’s), strengthens relationships with suppliers and provides access to better product pricing. Just be sure that the GPO is flexible and allows you to control key products and relationships.

Step 2: Identify the right products.

One can of tuna fish is about the same as the next, right? Better monitor your purchases a little more closely. Chances are good that you may be purchasing the wrong product for your desired results or a supplier may frequently substitute products, some of which vary in price significantly. You may be paying for albacore tuna when skip jack is a better specification. You may be paying more for the perfect orange, even though the recipe calls for the orange to be peeled for fruit salad and the money paid for a perfect skin is thrown away.

One of the easiest ways to bring down food prices is to buy the right product for each purpose without over specification. Work with the menu to identify the ideal products for the application and hold the buyers and suppliers accountable.

Step 3: Improve Compliance

Great deals are only good if they are utilized. Now that the best products are identified and as many manufacturer direct agreements are in place (utilizing GPO services), be ready to monitor results. Monitor suppliers for pricing and product availability, monitor operations to be sure they are following specifications and purchasing from the right source.

The result: Control of quality and lower costs.

II. Product Delivery

Step 4: Understand your true delivery costs.

There are many costs built into the price you pay a distributor. You might be surprised at how little is actually for the product itself.. There’s the cost of transporting goods from the manufacturer to the warehouse, the cost of warehousing and storage and finally cost of loading it on another truck to bring it to you.

The more trucks it takes to supply your operation and the less on those vehicles the more the cost. As a general rule you pay \$50-\$100 per delivery just to stop the vehicle. Whether you get one case delivered or 100, that basic delivery cost is the same. It’s easy to see that if you can put more items in one truck, you’ll save money. Take advantage of this efficiency and be sure your agreements contain incentives for drop size.

Step 5: Orchestrate your deliveries.

How can you manage your shipments better? Consolidate. Broadline distribution is a great means to do so.



Consolidate dry refrigerated, frozen items including paper goods, cleaning supplies and possibly meat dairy and produce. With the right manufacturing agreements and a good distribution contract, you get the best of all possibilities; low product cost with the optimum distribution cost for your operational requirements.

Additional benefits: Increased soft savings.

Consolidating suppliers with fewer deliveries require less labor and reduces hassle on the operations. You don't have to have an employee waiting at the dock for so many trucks. You don't have to manage as many invoices and payments. What's more, all of your purchases are with one qualified, certified supplier, so all of your records are in one place. And should there be a recall, you know your supplier will make sure it is taken care of professionally, helping to avoid potential lawsuits. Lower costs and peace of mind is a combination that's hard to beat!

To learn more contact Axis Purchasing at 703-310-7607 or www.axispurchasing.com