

## Receiving Orders

Receiving means inspecting, accepting, and, in some cases, rejecting deliveries of goods and services.

- Guidelines for efficient receiving procedures include:
  - Plan ahead for shipments.
  - Inspect and store each delivery before receiving another one.
  - Inspect deliveries immediately.
  - Record items on a receiving sheet.
  - Correct mistakes immediately.
  - Put products away as quickly as possible.
  - Maintain the receiving area.
- Receivers have the right to refuse any delivery that doesn't meet the operation's standards.

## Storing Orders

- **Perishable products** are food products sold or distributed in a form that will spoil or decay within a limited period of time.
- **Nonperishable products** are items that, generally due to packaging or processing, do not readily support the growth of pathogens.
- When storing items in refrigerated storage:
  - Set refrigerators to the correct temperature.
  - Monitor food temperature regularly.
  - Schedule regular maintenance of coolers.
  - Don't overload coolers.
  - Use open shelving.
  - Keep cooler doors closed as much as possible.
  - Wrap or cover all food properly.

## Frozen and Dry Storage

- When storing items in frozen storage:
  - Set freezers to the correct temperature.
  - Check freezer temperatures regularly.
  - Place frozen food deliveries in freezers once inspected.
  - Ensure good airflow inside freezers.
  - Defrost freezers on a regular basis if necessary.
  - Clearly label food prepared on-site that is intended for frozen storage.
- When storing items in dry storage:
  - Keep storerooms clean and dry.
  - Make sure storerooms are well ventilated.
  - Store dry food away from walls and at least 6" off of the floor.
  - Keep food out of direct sunlight.

## Taking Inventory

An **inventory** is a record of all products an operation has in storage and in the kitchen.

- In the **physical inventory method**, the entire stock is physically reviewed on a regular basis.
- In the **perpetual inventory method**, employees record items when they are received and then when they are used up.
- A physical inventory is an actual count of all items in stock, while a perpetual inventory is an estimate of stock on hand based on data entry.
- **Issuing** refers to the official procedures employees use when taking an item out of the storeroom and putting it into production.

## Calculate Usage, Food Costs, and Loss

- Using an inventory system helps a buyer calculate product usage, food cost, and losses.
- Tracking the amount of a product used during a period of time helps the buyer calculate how much needs to be ordered.
- Buyers calculate the total cost of food the same way they calculate item usage, except that they use the figures for total restaurant food inventory value.
- If sales of food for the period are less than the cost of food sold, then the operation is operating at a loss.
- Another type of loss is **inventory shrinkage**, or the difference between the total cost of food and the cost of goods issued during the period.

## Section 5.3 Summary

- Receiving means inspecting, accepting, and, in some cases, rejecting deliveries of goods and services.
- Perishable products are food products sold or distributed in a form that will spoil or decay within a limited period of time.
- Nonperishable food is generally purchased in large quantities and less often than perishable food.
- Food should be stored according to whether it's perishable or nonperishable.
- There are three types of storage available in most foodservice establishments: refrigeration, freezer, and dry storage.
- An inventory is a record of all products an operation has in storage and in the kitchen.

## More Goods and Services

- **Business Supplies and Services:** These supplies and services support the management or marketing of an operation.
- **Support Services:** These support services are tied to the operational aspect of the business.
- **Maintenance Services:** These services help keep the facility in good shape. Many of these services are essential to the efficient functioning of an operation.
- **Utilities:** In many areas of the country, operations can choose among competing utility suppliers. Careful negotiation of the various utilities in a given area will end up saving an operation money.

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## Buyers: Who's Doing the Purchasing

- In independent or single-unit operations, the buyer of an operation's product might be the owner or manager.
- The purchasing structure in chain operations might include an individual to perform or review all purchasing activities.
- Hotels, large restaurants, and chains use the **formal-purchasing method** to order goods and services.
- A buyer must know everything about the operation—from the items on the menu and their current prices to the expected volume of business.
- For an operation to run effectively, buyers must have a full understanding of the purchasing process.
- A buyer must have integrity.

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## Section 5.1 Summary

- There are five basic steps to the procurement process: determine what an operation wants and needs to buy; identify quality standards; order products and services; receive deliveries; and store and issue products.
- There are four major goals of purchasing: maintain the right supply of products and services, maintain the quality standards of the operation, minimize the amount of money the operation spends, and stay competitive with similar operations.
- There are three main layers in any channel of distribution: Primary sources are the producers; intermediary sources include wholesalers, distributors, and suppliers; and retailers sell their products directly to the public.

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## Section 5.1 Summary (Cont.)

- There are nine major categories of goods and services: food and beverage; nonfood items; smallwares and equipment; technology; furniture, fixtures, and equipment; business supplies and services; support services; maintenance services; and utilities.
- A buyer must know everything about an operation—from the items on the menu and their current prices to the expected volume of business.
- Buyers must have integrity to avoid forming relationships with vendors that could either compromise the relationship with that vendor or compromise the best interests of the operation.

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## Determining Quality Standards

- **Quality** refers to the value or worth that customers place on a product or service.
- Establishing solid quality standard specifications helps an operation create the consistency that customers expect.
- **Factors to be addressed** when defining an operation's quality standards include:
  - **The Item's Intended Use:** Knowing how an item will be prepared and served is the most-influential factor in determining quality standards.
  - **The Operation's Concept and Goals:** The overall concept and goals of the operation guides all decisions.
  - **The Menu:** The buyer must specify in the quality standard exactly how the item is described on the menu.

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## Quality Standards (Cont.)

- **Employee Skill Level:** If an operation offers items that require extensive preparation, the operation will need highly skilled employees.
- **Budgetary Constraints:** Operations in highly competitive markets may need to include cost limits in their quality standards.
- **Customers' Wants and Needs:** It's very important to look closely at what customers want and why they choose to eat at an operation.
- **Seasonal Availability:** The seasonal nature of produce and other items affects price and availability.
- **Storage Capacity:** An operation's storage space limits the amount of product it can purchase, which may then affect the quality of some menu items.

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