

## 1 Reduce costs

### 1.1 Ask hard questions of suppliers

1.1.1 Senior person should 'drop in' to these supplier meetings

### 1.2 Cut hours not positions

1.3 Use less expensive ingredients, be pragmatic about your menu and gain agreement across your organisation

1.4 Police your deals - are you receiving the agreed rebate?

1.5 Share volume information (NOT PRICE) with suppliers to encourage them to submit their 'best price' regularly

1.5.1 Advertise your business so more suppliers want to work with you

1.5.2 Suppliers don't know what they don't sell you

*Potential win/win: you can buy at a better price because supplier reduces price but increases his volume sold to you*

1.5.3 Put a link on your web site for supplier information

1.6 Manage purchasing like you manage your revenue - apply same principles and focus

### 1.7 Understand what you buy

1.7.1 Track prices of top 10 items

*Identify highest cost items, work to reduce quantity/cost*

*3 quotes for as many items as possible*

*Use technology to track exactly what you buy and from whom*

*Don't assume your buying group is getting you the best possible price*

Trust but verify

*Constantly check you are buying at the best price*

*Identify items with best savings possibility - might not be most expensive items*

*Best price 'on the day' often beats the 'best price' negotiated for a year*

1.7.2 Know precisely, for each product: Specification, Quantity, Price

*Purchase with the use in mind - e.g. don't need top quality fruit if it's going in the blender*

*Cross check purchase order price with invoice prices - are you paying the agreed price?*

## **2 Working together**

- 2.1 Share ideas with a small, trusted group**
- 2.2 Independents should group together to increase purchasing power/Create a buying group**
- 2.3 Train/develop your team rather than recruit key people from outside**
- 2.4 Share prices**

## **3 How technology can help**

- 3.1 Detailed management information - volume, cost, supplier**
  - 3.1.1 Easier to track compliance to agreed deals**
  - 3.1.2 Know EXACTLY what you are buying**
  - 3.1.3 Take control of purchasing rather than give control to suppliers**
- 3.2 Automatic electronic approvals process is completely customisable**
- 3.3 Products specified to a high degree**
  - 3.3.1 Reduces errors - right product ordered every time**
  - 3.3.2 Back door checks still very important to ensure suppliers are sending correct products**
  - 3.3.3 Be disciplined in keeping your lists tidy**
- 3.4 Saves time - once you get it set up**
  - 3.4.1 Spend time doing deals rather than entering data in spreadsheets**
- 3.5 Overcome resistance to change by ensuring key people in your organisation understand and use the system - they will persuade others**

## **4 Increase revenue**

- 4.1 Reserve direct - reward customers for booking directly on your web site rather than a middleman/broker's site**
- 4.2 Keep your web site interesting so customers visit repeatedly e.g. Hoxton Hotel**