
THE

SEVEN HABITS

OF HIGHLY EFFECTIVE
PURCHASING TEAMS

2024 EDITION

A second edition of the Seven Habits of Highly Effective Purchasing Teams - an updated guide from Lynx Purchasing to help hospitality businesses beat soaring inflation and improve profitability



INTRODUCTION

What you can do to combat rising costs in the hospitality industry.

A foreword by Rachel Dobson, managing director, Lynx Purchasing.

The Covid-19 pandemic was tough on our industry and, just as the UK began to recover, the Russian invasion of Ukraine created a whole new set of global humanitarian and economic challenges.

One of the many consequences is that after decades of relative stability and low to no inflation, the UK economy is experiencing soaring inflation across all categories, product shortages and supply chain disruption, uncertainty and the biggest squeeze in household incomes in a generation.

From a hospitality operators point of view, soaring costs are one of the most pressing issues - caused by multiple factors such as supply chain issues, global increase in demand, pressures on gas and oil supplies, currency, climate, increasing wages, business rates, economic uncertainty and interest rate increases.

These factors have put us in an inflationary cycle that shows no signs of abating in the short term. Inflation to this degree is something we haven't faced for many years and this creates its own challenges. One of the negatives of a long period of flat or nearly flat pricing is that complacency sets in. If prices aren't rising, there's no need to look for better deals. As a result, businesses develop bad buying habits. In addition, for many junior staff in the hospitality industry inflation - and how to manage it - are total unknowns.

If you are an independent or small chain in the hospitality sector, there is little you can do to materially change the external factors battering your business. But that does not mean you are helpless.

Opportunities for controlling your business costs through better buying to stretch budgets still exist. Start by reviewing all of your costs and make seeking better deals an operational imperative, not just an academic exercise. And get rid of all of your bad purchasing habits and replace them with good ones - the kind that will maintain margins or even increase them in any economic cycle.

A few years ago, we launched an insight guide, The Seven Habits of Highly Effective Purchasing Teams, which combined the Lynx team's many years of buying experience. It was incredibly popular so in light of this current crisis we've revised and updated it to give you more tips and tools to help you successfully steer your business.

We guarantee that if your business adopts even one of these best practices, you'll be able to stretch your budget, maintain margins as well as discover some surprising benefits.

If you'd like to find out more or talk about this with one of the team at Lynx, click on the link at the end of the guide or give me or any of our business managers a call.

About Lynx Purchasing

Lynx Purchasing works with more than 2,000 accounts in the hospitality and catering sectors helping them buy better, get better prices and save time and money every day. Our suppliers are industry leaders across all sectors with whom we have strong relationships built over many years.

CONTENTS

THE SEVEN HABITS OF HIGHLY EFFECTIVE PURCHASING TEAMS

BEWARE THE SACRED COWS	4
KEEP IT STRICTLY BUSINESS	5
THE DEVIL'S IN THE DETAIL	6
ALL BUDGETS ARE EQUAL	7
PROVENANCE ISN'T ALWAYS KING - QUALITY AND VALUE ARE	8
TEST TRADITIONS	9
ALWAYS REVIEW RENEWALS	10
HOW TO RUN YOUR PURCHASING IN A NEW WAY	11

Inflation is an opportunity to replace bad purchasing habits with good ones. Good habits that maintain margins or even increase them.

"We are what we repeatedly do. Excellence, then, is not an act, but a habit."

Aristotle



BEWARE THE SACRED COWS

When it comes to purchasing, no product, ingredient, service or supplier should be sacred.

Every department in every hospitality business will have certain products or service providers that they - chef, head of housekeeping, bar or general manager - believe are irreplaceable and critically important to maintain standards and success.

Sacred cows come in many guises. They can be upmarket guest toiletries, certain select brands of wine or champagne and specialist suppliers, a premium coffee or a named meat or poultry product. But everyday products and services also pop up in this category - from a long-standing utility provider to a brand of toilet paper or detergent.

So ask the question: are they really necessary and how much does this choice cost the business a year?

Regularly reviewing the sacred cows in your business brings multiple benefits. You could save money on better value substitutes and discover new - and better - quality products and suppliers in the marketplace that you and your team had overlooked.

CASE STUDY

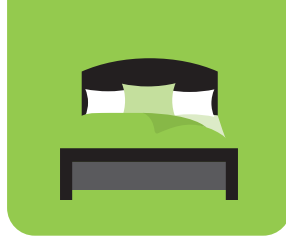
A luxury hotel based in the south-west had for many years offered guests a certain brand of very expensive French chocolate. The general manager, head chef and food and beverage manager were all loyal to this brand which was not retailed anywhere in the UK and was only imported by two suppliers.

We conducted blind taste tests with customers and hotel staff and found that no-one could tell the difference between it and leading brands of premium chocolate. The brand was also unknown to guests so had no significant cachet. The hotel changed brands and saved £6,000.

ACTION:

Compile a list of the sacred cows in your business. Consider their value, compare prices and look around for other options.

SAVING £6,000pa



KEEP IT STRICTLY BUSINESS

Good businesses need strong relationships with suppliers, but getting too close and cosy is just a step away from complacency.

Are you too close to suppliers? Do you know how many suppliers you have and when did you last compare their prices with their competitors? Do you know who else is out there?

Trust is essential to the purchasing process but there is no substitute for good housekeeping practices - or added value services. Every supplier can give you a management summary itemising what you buy and prices paid. They should also offer you own label options and give you product and price comparisons as well as giving advice on buying

commodity lines such as dairy or oil. If they aren't doing this on a regular basis, ask them to start.

A supplier who values your business - and is doing all that can be done to keep it - should also be providing you with advice or insights into the market, sharing knowledge and providing product workshops or access to producers and product training.

CASE STUDY

The owner of a long-established independent restaurant - struggling to maintain margins and competitive pricing in the face of half a dozen national chains moving into the local area - asked Lynx to review its supplier portfolio. The restaurant had used an excellent fresh produce supplier faithfully and exclusively for many years. A combination of laziness, familiarity and convenience had seen kitchen staff ordering more and more products from this supplier who'd ended up delivering a vast range including oils and sauces, baked beans and other commodities. Although its fresh produce was competitively priced, all other products were being sold at a much higher margin as the price for this cosy system. A saving of 14% was found simply by ordering ambient goods from a more competitive supplier.

ACTION:

Review your suppliers and think about their service versus what you want and then decide how to get it - cuddle, prod or cull? Do you need to cuddle a vital supplier to get them to improve their offer or prod them by reviewing options and requesting a better deal? Or is it time to end the contract because there are cheaper suppliers with same or better quality and service?

A SAVING OF 14%



THE DEVIL'S IN THE DETAIL

Complacency breeds contempt and unless the business maintains good housekeeping practices, even the most trusted suppliers can get creative.

There are plenty of tricks of the trade - from short orders to sloppy weights and pricing around products with high wastage.

To ensure that the business gets what it truly needs and what it has paid for, you need to have systems and people in place to deal with the details. For example, who checks price lists against invoices, and counts and weighs products in at the back door? It makes sense to check that 6kg of tomatoes isn't 5.5kg, a case of 63 lemons isn't 10 short, and products such as cauliflowers and peppers aren't undersized. Make sure your suppliers know you check too.

It's also worth ensuring that you purchase the most cost-effective case/pack size for your business; and always analyse gross versus net pricing when it comes to meat and fish.

Controlling costs is all in the detail and that includes taking maximum advantage of seasonality - soft fruits in winter taste of nothing and cost a fortune - and not being led by fashion. There should be structured menu planning and costing - with an appropriate staff member put in charge of this.

CASE STUDY

One customer - the executive chef of a city gastro pub - asked for a price review on cocktail prawns. We looked at six options with different prices and ice glazes. Once defrosted and reweighed, we found that the most expensive pack on paper was in fact better value per portion when defrosted. Choosing this brand saved them £1,000 a year. We also took the chef and his team through a whole gross-versus-net pricing exercise. For example, an average 2.5kg leg of lamb on the bone is approximately 30% bone, so in fact you only get 1.75kg of meat. As a result, the actual cost of the meat is more. A larder-trimmed striploin is around 80% of the whole sirloin, therefore a 6kg untrimmed sirloin becomes 4.8kg of actual meat.

ACTION:

Good housekeeping takes time but it's a good habit that pays dividends over time. Maybe now is a good time to review your systems and processes to improve visibility and cost controls.

SAVING £1,000
A YEAR ON PRAWNS



ALL BUDGETS ARE EQUAL

Is back of house back of mind in your business?

Unglamorous necessities – from cleaning products to pest control, lighting and office stationery – are essential for running any hospitality business but since they are not front of house they often escape the same level of supplier and budget scrutiny.

As a result, your business could be being overcharged in many areas of back of house spending from administration to housekeeping. There can be many reasons for this, such

as not using specialist suppliers, opting to buy brands over non brands or just failing to shop around and seeing what products and prices are out there, for example.

Making a change and adopting new habits in these departments could be an easy way for management to save money with less loyalty issues or sacred cows involved - and little or no visible impact on front of house and your customers.

CASE STUDY

Office stationery is expensive yet it's often left to the most junior employees to manage, order and buy - usually from the same supplier that their predecessor used. A care home client had used the same office stationery supplier for a very long time but had never compared prices with competitors because they thought they were getting a better deal. We did a comparison and found a new supplier that saved them £4,000 in the first year alone on paper, pens and other stationery items.

ACTION:

Review your back of house spending and make sure that your team stays as focussed on these costs and budgets as front of house costs to achieve maximum savings across the whole business.

SAVING £4,000pa



PROVENANCE ISN'T ALWAYS KING

- QUALITY AND VALUE ARE

The climate crisis is getting increasingly critical but in the pursuit of provenance and carbon credits, businesses can lose sight of the true costs - and genuine value - of buying as much as possible from local suppliers.

Buying local is a positive story for the menu and great for community building, but there's no automatic guarantee of quality or value. In addition, rigorous green audits can reveal that some locally-sourced products are no more environmentally friendly than a competitive product from the other side of the country. You should always ask for product details and visit producers to see for yourself what makes their product special.

Conduct blind taste tests and be objective. An area could be famous for producing a certain product - lamb or dairy - for a

good reason such as the climate, soil or years of experience. But this doesn't mean it produces the best beef or apples too. Be selective in your approach to local provenance and only choose what's the best quality and value for your business - and your customers.

Buying locally to ensure reciprocity makes good business sense too - but be aware of the true cost to you. You could be paying significant sums in inflated prices that you'll never recoup from being the venue for the supplier's Christmas party.

CASE STUDY

One country hotel customer was keen to support a local supplier for all fresh produce as part of new menu developments in its main restaurant - and a rebranding of the food and beverage offer throughout the hotel. We carried out a price comparison and highlighted all of the fresh lines that would not be local - such as lemons, pineapples, peppers, fine beans. We suggested the hotel remain with the local supplier for locally grown seasonal specialities such as asparagus and strawberries and so on, but buys all the other lines from our supplier. This saved the customer over £30,000 in a single year.

ACTION:

Don't let buying local become an excuse for not getting the best quality and value - make local suppliers prove they are worth it.

SAVING **£30,000**pa



TEST TRADITIONS

Just like habits, there are good traditions and bad ones. Never examining the whats and the whys of every tradition and accepted practice in your business is a step away from complacency.

In many organisations, especially with higher than average staff turnover, accepted practices roll on from one employee to the next with no questions asked. This is the way it's done because we have always done it this way. However doing things 'this way' could be costing your business a fortune - and often is.

Observe your staff and listen to their conversations and you'll be amazed how many instances of accepted practices you'll come across in just one day. For example, many restaurants and hotels insist on six days a week deliveries, deliveries between 8am and 10am and the ability to order

up to midnight for next day delivery, and will only consider suppliers who offer these services.

But these services are not free. In fact they come at a premium price that's built into the final cost to you. So do you need them? Really?

CASE STUDY

A medium-sized chain of pubs used a fruit and veg supplier and a butcher delivering six times a week and insisted on midnight ordering for daily deliveries. They claimed they 'never knew if they'd run out of steaks'. Every drop was low value - the pubs were small and weekly orders were divided into six - so a minimum delivery premium was already added to each one. This is standard practice. Analysing their order, it became clear that three deliveries a week would be enough. We helped the chef improve planning and negotiated a fantastic deal with both suppliers who offered better rates and cut the minimum drop charges, saving thousands of pounds. An added bonus for the chef was finishing his shift an hour earlier every night.

ACTION:

Not all traditions are worth keeping so challenge them and encourage staff to think about how savings could be made by doing things differently.

SAVING £8,000pa



ALWAYS REVIEW RENEWALS

Calling for competitive quotes keeps suppliers on their toes - and your business on top of its game.

With dozens of annual contracts across the business in every department, it's easy to forget and let them roll-over or be automatically renewed especially if you and your managers are happy with the service.

It's common practice to incrementally increase contract prices every year, often with no explanation offered. Soaring levels of inflation currently hitting lots of sectors, especially energy, provides multiple excuses for contract price hikes even if unjustified. In this environment, it's easy to fall into the trap of thinking that there are probably no better deals around right now.

But don't. Now is the perfect time to stop rolling over contracts and set up a process to automatically call for competitive quotes on everything from utilities to waste management on an annual basis.

Doing this will achieve two things. One - you will get the best value contract you can and keep any inflationary hike as low as possible. Two - you will ensure better service either from your current supplier who has to remain keen and competitive or from a new supplier who knows you practise annual reviews and always shop around.

CASE STUDY

One new hotel customer asked us to look at its waste management contract which had been rolling on without any scrutiny for several years. Although the contract still had six months to run, we put it in the diary and called for competitive quotes including the incumbent. Keen to keep the business, they came up with the best quote and we were able to put in place a new contract that reduced their annual spend from £50,000 to £40,000. We've now set up a schedule to annually review all of the hotel's service contracts.

ACTION:

Create a comprehensive annual contracts list and diary with scheduled review dates and processes to follow.

SAVING **£10,000pa**

WORKING WITH LYNX PURCHASING

Saving your business time and money every day

Running a profitable business includes maintaining quality and controlling costs. Getting the best price in the market on goods and services helps you better manage costs and get more out of your budget.

But finding and making those deals takes time and expertise in today's complex buying market. That's where a purchasing company can help because saving your business money is our business.

At Lynx Purchasing, we use our negotiating skills and our network of suppliers to get better prices on food and beverages, catering equipment, utilities and specialist services. And because we work for over 2,000 accounts in the hospitality and catering sectors, we have extra leverage with suppliers to get the best possible price.

We work with over 60 industry-leading suppliers across all sectors with whom we have strong relationships built over many years. As a result, Lynx can offer you like-for-like products and services at lower prices and very often better quality.

We work for you. It's like having your own purchasing team

Working with Lynx Purchasing is like having your own purchasing team without the overheads. The price we give you is the price we get because 100% of the savings we negotiate with suppliers are passed to you. Our own income comes from our suppliers who pay us.

Operationally - working with us doesn't change anything.

You continue to pay suppliers direct.

There's no membership fees and no contracts. If you are not satisfied with the savings or the service we provide you can stop using us at any time.

A business partnership approach

Our business model is straightforward. We've been in business since 2003 and have a team of catering and hospitality industry experts nationwide. We like to begin with a review of your spending. Then we take some time to get to know you and your team to understand how you work and what your objectives are.

The more you tell us about your business, the better we can help you. With experience and expertise in the hotel, restaurant, cafe, bar and care home sectors, we understand the competitive environment and the challenges you face. Our team tracks market trends and prices - and can quickly benchmark how your costs compare.

Having reviewed your expenditure, we'll develop better buying strategies with you to make sure that you're sourcing the right products from the right suppliers. With access to category leaders in everything from fresh food to cleaning products, we can recommend suppliers for some or all of your needs. This depends on you - but the more you work with us, the more you will save.

What we buy

 Meat and poultry	 Fish and seafood	 Fruit and vegetables	 Dairy and cheese	 Dry goods and provisions	 Frozen foods	 Bakery
 Coffee and tea	 Wines, spirits and beers	 Soft drinks and water	 Cellar gases	 Catering disposables and cleaning products	 Healthcare products	 Crockery, cutlery and glassware
 Kitchen and catering equipment	 Lighting	 Linen and textiles	 Beds and bedroom equipment	 Guest amenities	 Utilities - gas and electricity	 Telecoms
 Waste management	 Office stationery and equipment	 Uniforms	 Pest control	 Merchant card services	 HR services	 Training

Get in touch

If you'd like to find out more about the Seven Habits of Effective Purchasing Teams or how better purchasing habits will improve your margins,



[CLICK HERE](#) to complete our contact form and your local Lynx Purchasing Business Manager will call you to arrange a meeting.

For more information about Lynx Purchasing and our services, visit our website at

lynxpurchasing.co.uk



LYNX
PURCHASING

Saving your business time and money every day

Contact details:

T 01325 710143 **E** hello@lynxpurchasing.co.uk