



Do it right to save money

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People who do purchasing for hotels often feel like the most underappreciated part of the staff. When purchasing agents (PAs) do their jobs well, no one complains, but no one tends to notice either. When they don't do their jobs well, it creates an almost invisible wound that bleeds profit from an organization.

If a PA can answer "yes" to the 10 questions below, his or her hotel is on its way to maximizing the purchasing function.

1. Are there purchase specifications? And are they being used?
2. Are the purchase specs up to date?
3. Is the PA checking prices among suppliers?
4. Are quantities to be ordered determined by par stock and forecasted demand?
5. Has the PA minimized the number of items that are purchased at retail?
6. Are systems of documentation in place for control purposes?
7. Does the PA verify invoices for items, quantities, and prices?
8. Does the general manager or controller do spot checks?
9. Is there a system in place to ensure that the PA is up-to-date with the latest products and trends in the marketplace?
10. Does the PA have good relationships with suppliers?

Receiving, storage, security, and control are all related issues, but oftentimes are separate functions and possibly out of the hands of the PA. It's important to look at all of these to assure an organization is maximizing every dollar spent.

From the archives:

Previous TRC article related to purchasing procedures:

- Get three bids to keep prices competitive. Vol. 9, No. 3

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Purchasing Hints

In some operations, it's the purchasing agent who is responsible for sale of used materials in addition to the traditional purchasing duties. The sale of recyclables — paper, plastic, glass, and metal — can help to boost the bottom line. Some recycling centers will pay hotels for these materials, and some recyclers pick up the scrap materials. In addition, the sale of used grease and older equipment isn't typically thought of in the cost-cutting process. Yet, sale of these "after-market" commodities can reduce costs.

Some operations have found that technology helps them save money, but more importantly, it saves them time. There are software packages that allow buyers a direct link to supplier's inventory, and there are websites dedicated to e-procurement. Because cost-benefit analysis is an integral part of a PA's job, asking the hotel's PA to examine the costs and benefits of online purchasing is a reasonable way to explore this new avenue for streamlining the purchasing function.