

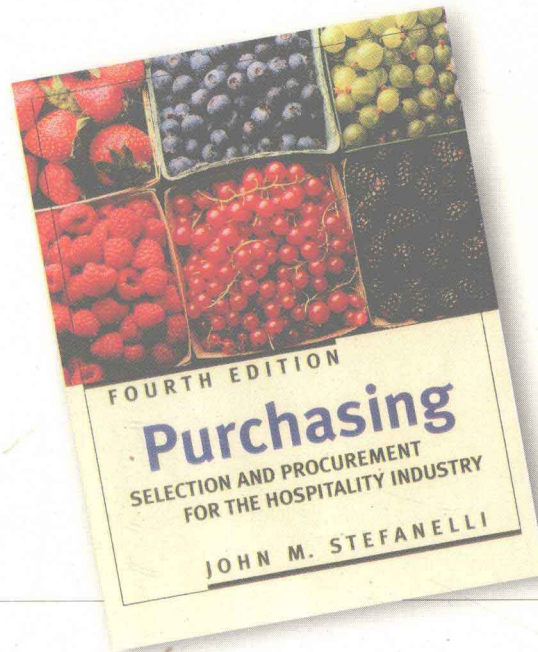
Professional Management Development Program

National Restaurant Association

Educational Foundation

ProMgmt.[®]

Student Workbook



Purchasing: Selection and Procurement for the Hospitality Industry


FOURTH EDITION

ProMgmt®

Purchasing: Selection and Procurement for the Hospitality Industry

FOURTH EDITION

Student Workbook

National Restaurant Association
EDUCATIONAL FOUNDATION 



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This student workbook is designed to be used with the textbook *Purchasing: Selection and Procurement for the Hospitality Industry, Fourth Edition* by John M. Stefanelli.

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Introduction

Purchasing is a bottom-line concern to managers who wish to keep profit margins up, prices in line and competitive, and expenses down. The purpose of *Purchasing: Selection and Procurement for the Hospitality Industry, Fourth Edition* is to provide you with the management information needed to make purchasing decisions based on sound criteria.

This course begins with an overview of the purchasing function, and then discusses planning for purchasing. The course then looks at ordering, receiving, and storing purchases, and using computers in the purchasing function. The course covers purchasing produce, processed foods, dairy products, eggs, poultry, fish, meat, beverages, services, equipment, and finally, other nonfood items.

How to Earn a ProMgmtSM Certificate of Course Completion

To earn a ProMgmt. Certificate of Course Completion, a student must complete all student workbook exercises and receive a passing score on the final examination.

To apply for the ProMgmt. Certificate of Course Completion, complete the student registration form located on the inside back cover of this workbook and give it to your instructor, who will then forward it to the National Restaurant Association Educational Foundation.

Each student registered with the Educational Foundation will receive a student number. Please make a record of it; this number will identify you during your present and future coursework with the Educational Foundation.

ProMgmt. certificate requirements are administered exclusively through colleges and other educational institutions that offer ProMgmt. courses and examinations.

If you are not currently enrolled in a ProMgmt. course and would like to earn a ProMgmt. certificate, please contact your local educational institution to see if they are willing to administer the ProMgmt. certificate requirements for non-enrolled students. You can also visit www.edfound.org for a list of ProMgmt. Partner schools. ProMgmt. Partner schools offer seven or more courses that include administration of the ProMgmt. certificate requirements.

The Educational Foundation leaves it to the discretion of each educational institution offering ProMgmt. courses to decide whether or not that institution will administer

the ProMgmt. certificate requirements to non-enrolled students. If an institution does administer ProMgmt. certificate requirements to non-enrolled students, that institution may charge an additional fee, of an amount determined by that institution, for the administration of the ProMgmt. certificate requirements.

Course Materials

This course consists of the text, *Purchasing: Selection and Procurement for the Hospitality Industry, Fourth Edition*, by John M. Stefanelli, the student workbook, and a final examination. The examination is the final section of your course and is sent to an instructor for administration, then returned to the Educational Foundation for grading.

Each lesson consists of:

- Student objectives
- Reading assignment
- Chapter exercises

At the end of the Workbook you will find:

- A study outline of the textbook
- A glossary (when the textbook does not have one)
- An 80-question practice test
- Answers to the practice test

The objectives indicate what you can expect to learn from the course, and are designed to help you organize your studying and concentrate on important topics and explanations. Refer to the objectives frequently to make sure you are meeting them.

The exercises help you check how well you've learned the concepts in each chapter. These will be graded by your instructor.

An 80-question practice test appears at the end of the workbook. All the questions are multiple-choice and have four possible answers. Circle the best answer to each question, as in this example:

Who was the first president of the United States?

- a. Thomas Jefferson.
- ☒ b. George Washington.
- c. Benjamin Franklin.
- d. John Adams.

Answers to the practice test follow in the workbook so that you may grade your own work.

The Final Exam

All examinations may first be graded by your instructor and then officially graded again by the Educational Foundation. If you do not receive a passing grade on the examination, you may request a retest. A retest fee will be charged for the second examination.

Study Tips

Since you have already demonstrated an interest in furthering your foodservice education by registering for this Educational Foundation course, you know that your next step is study preparation. We have included some specific study pointers which you may find useful.

- Build studying into your routine. If you hold a full-time job, you need to take a realistic approach to studying. Set aside a specific time and place to study, and stick to your routine as closely as possible. Your study area should have room for your course materials and any other necessary study aids. If possible, your area should be away from family traffic.
- Discuss with family members your study goals and your need for a quiet place and private time to work. They may want to help you draw up a study schedule that will be satisfactory to everyone.
- Keep a study log. You can record what lesson was worked on, a list of topics studied, the time you put in, and the dates you sent your exercises to your instructor for grading.
- Work at your own pace, but move ahead steadily. The following tips should help you get the most value from your lessons.
 1. Look over the objectives carefully. They list what you are expected to know for the examination.
 2. Read the chapters carefully, and don't hesitate to mark your text—it will help you later. Mark passages that seem especially important and those that seem difficult, as you may want to reread these later.

3. Try to read an entire chapter at a time. Even though more than one chapter may be assigned in a lesson, you may find you can carefully read only one chapter in a sitting.
4. When you have finished reading the chapter, go back and check the highlights and any notes you have made. These will help you review for the examination.

Reviewing for the Final Exam

When you have completed the final exercise and practice test, you will have several items to use for your examination review. If you have highlighted important points in the textbook, you can review them. If you have made notes in the margins, check them to be sure you have answered any questions that arose when you read the material. Reread certain sections if necessary. Finally, you should go over your exercises.

The ProMgmt. Program

The National Restaurant Association Educational Foundation's ProMgmt. Program is designed to provide foodservice students and professionals with a solid foundation of practical knowledge and information. Each course focuses on a specific management area. For more information on the program, please contact the National Restaurant Association Educational Foundation at 800.765.2122 (312.715.1010 in Chicagoland) or visit our web site at www.edfound.org.

Lesson 1

OVERVIEW OF THE PURCHASING FUNCTION

Student Objectives

After completing this lesson, you should be able to:

- Discuss the general characteristics of purchasing, selection, and procurement in the foodservice industry.
- Compare purchasing procedures for different types of foodservice operations.
- Identify common sources of products and services used by the foodservice industry.
- Describe the major distribution systems for food and nonfood supplies, alcoholic beverages, equipment, and services.
- Characterize the buyer's position in the channel of distribution.
- Discuss supplier services that augment their products.
- Identify and explain the impact of various economic, political, ethical, and technological effects on foodservice purchasing.
- Describe how specific legislation influences purchasing activities.
- Describe the purchasing activities that are common among foodservice operations.
- Analyze the primary objectives behind the purchasing function.
- Identify problems that are likely to develop while trying to achieve purchasing objectives.
- Discuss the most effective ways to staff, budget for, and supervise the purchasing function.

Reading Assignment

Now read Chapters 1–6 in the text. Use this information to answer the questions and activities in Exercises 1–6.

Chapter 1 Exercise

For each of the following descriptions of a purchasing process, indicate what type of food-and-beverage operation is most likely to have such a process.

1. The manager uses a combination of purchasing some supplies from a central commissary and purchasing other supplies from local vendors.

2. Several full-time buyers make purchases together to keep costs down.

3. The owner-manager either performs or oversees all buying, receiving, storing, and issuing functions.

4. The vice president of purchasing oversees the buying and shipping of all supplies to individual units.

5. A full-time buyer purchases all supplies and distributes them to the appropriate departments.

Chapter 2 Exercise

Indicate whether each of the following is considered a source (S) or an intermediary (I) in the distribution system for the product described.

- _____1. Restaurant interior designer who incorporates furniture and fixtures into his recommended designs
- _____2. Broker who recommends a line of processed food to operators
- _____3. Beer brewing company
- _____4. Iowa farmer who grows strawberries, lettuce, and other produce
- _____5. Commissary of large quick-service chain
- _____6. Processing company that makes frozen pizza dough, frozen prebaked breads, and prebaked pie shells
- _____7. Full-line distributor that provides both food and nonfood supplies to operators
- _____8. Seagram's Company, which manufactures gins, vodkas, and other spirits
- _____9. Company that manufactures napkins, paper towels, takeout bags, and paper cups
- _____10. Full-service dealer that carries large foodservice equipment for use in restaurants

Chapter 3 Exercise

All of the following statements are false. Rewrite each statement so it is accurate or correct.

1. The equalizing forces of supply and demand are so powerful that they set prices for all commodities.

2. A product's EP (edible portion) cost is generally lower than its AP (as purchased) cost.

3. Perceived value tends to be uniform from person to person.

4. Ethical behavior in purchasing is clear-cut and easily defined among operators and distributors.

5. Meat is among the least regulated foods in the United States.

6. A PUFI seal on a packaged piece of fish indicates that it has been imported from outside the United States.

7. A tying agreement is a legal agreement in which a manufacturer chooses a few selected distributors to sell its products.

8. The federal government requires that all fresh foods carry labels indicating where they were grown or processed.

9. Once a franchiser and franchisee sign a franchise agreement, the franchiser cannot legally exercise any control over the franchisee's manner of doing business.

10. Purchasing contracts are never enforceable unless they are in writing.

11. Rebates offered by suppliers to buyers are legal as long as the supplier has registered the offer with the U.S. Food and Drug Administration.

12. The primary advantage of Controlled Atmosphere Packaging (CAP) to the buyer/operator is its low cost.
