

## **Introduction to Purchasing**

Efficient purchasing practices can make a significant contribution to the Executive Housekeeper's role in controlling housekeeping expenses. In fact, the most controllable expenses under the Executive Housekeeper's responsibility involve the various items whose inventories are maintained by the housekeeping department.

Inventory control procedures enable the Executive Housekeeper to know when to buy and how much to buy for each inventoried item. Deciding what to buy, whom to buy it from, and exactly how to purchase it requires careful consideration on the part of the Executive Housekeeper. Although the actual purchasing may be done by the hotel's purchasing department, quantities and specifications are submitted to the purchasing department by department heads. When ordering items for the housekeeping department, the Executive Housekeeper will need to fill out and sign a purchase order. This order form then has to be approved by the controller and general manager. For all items purchased for the housekeeping department, the recommendation of the content, quantities and source of a purchase is made by the Executive Housekeeper. Although various properties have various procedures for processing and approving purchases the evaluation of what's needed, when it's needed, how much is needed, and from whom it is needed fall under the responsibility of department heads. The Executive Housekeeper needs to know how to obtain the best value when purchasing the items needed by the housekeeping department.

### **Purchasing Linen**

The Executive Housekeeper is expected to carefully select suppliers and linen products to ensure that the hotel receives good value for money spent. The most important considerations are the suitability of the products for their intended uses and whether the products are economical. Regarding linen, the expected useful life of the linen is often more important than purchase price in determining whether alternative products are economical or not. The cost of laundering linens over their useful life is usually much greater and more important than their initial price. The life span of linen is measured in terms of how many times it can be laundered before becoming too worn to be suitable for guestroom use. Linen that is purchased at bargain prices but that wears out after only moderate laundering will damage guests' perceptions of quality, increase annual usage rates, and increase costs in the long run. Durability, laundry considerations, and purchase price are the main criteria to use in selecting linen. A cost per use can be calculated in order to evaluate alternative linen purchases using the following formula:

$$\text{Cost per use} = \frac{\text{Purchase Cost} + \text{Life span Laundering Costs}}{\text{Number of Life span Laundering}}$$

The laundering costs over the life span of a linen product can be determined by multiplying the item's weight by the hotel's laundering cost per pound-and then multiplying again by the number of launderings the item can withstand before showing excessive wear.

When orders of new linens are received, shipments should be checked against purchase orders and inspected to ensure that the linens meet all quality and quantity specifications. Newly received linen orders should be immediately moved to the main linen room for storage. In the main linen room, new linens that have not yet been put into service should be stored separately from linens that are already in use.

Inventories for all new linen received and issued at the hotel should be kept on a perpetual basis. This means that a running count should be kept for on-hand quantities of every type of new linen stored in the main linen room. The inventory record should show the linen type, specific item, price, storage location, and dates of ordering and receiving. As linen items are put into service to replace worn, damaged, lost, or stolen linen, the quantity recorded on the perpetual inventory record should be adjusted accordingly. See Exhibit A for a linen inventory Sheet.

The Executive Housekeeper is responsible for placing new linen in use on an as-needed basis to maintain the par level for each linen item. Issuing new linen to be used in daily operations typically occurs each month on the basis of shortages revealed by a physical inventory. New linen may also be issued between physical inventories to replace discarded linens. Some hotels inject a predetermined quantity of new linen into circulation at pre-established intervals based on past usage rates. New linens should be placed into service **all**. A "first-in, first-out" basis. New linen not in service should be under the control of the Executive Housekeeper or laundry manager in the main linen room or another secure place.

### **Purchasing Operating Supplies**

Some hotel chains have centralized, national purchasing systems for major house-keeping items in order to achieve quantity discounts. Other hotels may join together in purchasing groups to achieve savings on bulk purchases of commonly used items. But, for the most part, operating supplies are purchased by the individual property and with the direct involvement of the Executive Housekeeper.

Inventory tracking forms can be used to create an exhaustive list of operating supplies that the Executive Housekeeper will need to purchase on a regular basis. Inventory control procedures will show how often and in what quantities supply items will need to be purchased to maintain par levels. Usage rates and cost-per-occupied-room figures can be determined from the inventory records. This information can form the basis for an effective purchasing system. By following careful purchasing procedures, the Executive Housekeeper can help the hotel control costs while ensuring that adequate supply levels are maintained.

Before buying any product, the Executive Housekeeper should obtain samples in order to test the product and determine whether it meets specifications. Suitability for the

intended task, quality, ease of handling, and storage requirements are just as important as the price in determining whether a product is economical.

Value-not price-should be the leading consideration in making purchase decisions. An inexpensive cleaning agent that has to be used in much larger quantities than a more expensive one may actually cost more in the long run.

### **Bidding Process**

The crucial concern is to obtain the best value for the money, selecting the right vendors can often make the Executive Housekeeper's purchasing systems more efficient. The Executive Housekeeper needs to competitively shop suppliers and vendors for the products to be purchased on a regular basis. When asking for price quotations, the Executive Housekeeper needs to be as precise as possible regarding such specifications as weight, quality, packaging, size, concentration, quantities, and delivery times. In evaluating alternative suppliers, the Executive Housekeeper needs to be concerned with how well the supplier will service the hotel's account. It is important that the vendors selected appreciate the operations of a hotel's housekeeping department, fully understand the products they sell, and be able to provide demonstrations and even training in how to use the products. It is not unusual for the Executive Housekeeper to select one vendor for all guest supply items, another for cleaning products, and still another for all paper products. By limiting the number of suppliers with whom the housekeeping department has to deal, the Executive Housekeeper can streamline the purchasing process, reduce paperwork, and use time more efficiently.

All housekeeping supplies, linens, and equipment are to be bid out every six months. This will provide the best pricing for the hotel and keep the current vendors of the hotel working competitively to keep your business. This also makes the Executive Housekeeper aware of any alterations in pricing. Bidding should come from three different vendors so that the hotel has a sampling of a variety of vendors. Make sure that new vendors are considered and put in the mix. Quite often our hotel management gets comfortable with a specific vendors or a particular sales person and is reluctant to bring in new companies. The responsible Executive Housekeeper always remember that they are obligated to control expenses and controlling purchasing and getting the best possible value from vendors is one of the essential ways to make this happen.

The bidding is done via a Vendor Pricing Analysis spreadsheet so that all products are listed on the left and a column for each vendor is listed next to it. This pricing method should be done every six months and maintained on file.

We suggest the following example:



In addition, concentrating business with a limited number of suppliers often achieves greater purchasing-and thereby bargaining-power, resulting in improved quantity discounts and better service. Another consideration in selecting vendors is whether they will be able to stock the products the hotel purchases at their own warehouse facilities and drop ship the products to the hotel on an as-needed basis. This enables the Executive Housekeeper to achieve savings by purchasing products in bulk whenever possible and, at the same time, solve the problem of limited storage space.

In the process of reordering operating supplies, the Executive Housekeeper needs to periodically reevaluate the suitability of existing products for their intended purposes. Meeting with housekeeping staff who use the product can help determine any problems that may lead to a reconsideration of quality or functionality. The functionality of the product should be tested, and the Executive Housekeeper should determine whether the existing specifications for the product should remain the same. Alternative products should be investigated and compared to existing products in terms of performance, durability, price and value.

Worksheets can be used to monitor usage rates and costs for the various types of operating supplies kept in inventory. *Exhibit 6* illustrates one such worksheet for tracking the use of various chemical cleaners. For each product the Monthly Chemical Use Report identifies the vendor, the product name, and its intended use. Each month, physical inventories provide the Executive Housekeeper with information concerning how many purchase units of each chemical cleaner have been used. Multiplying the number of units used by the cost per unit yields the total cost of the product used during the month. Dividing the total cost by the number of occupied rooms yields a cost per occupied room figure for each product. By reducing the size of each purchase unit (e.g., gallons, cans, pints, quarts) to a common-sized unit (e.g., ounces) and multiplying the number of purchase units used by the common sized amounts, the total amount used for each product can be determined in terms that render the different-sized products comparable.

## Exhibit 6 Monthly Chemical Use Report

For April, 19XX									
Number of Occupied Rooms—29,608									
VENDOR	PRODUCT	INTENDED USE	UNITS USED	COST PER UNIT	TOTAL COST	COST PER OCC. ROOM	AMOUNT PER UNIT	TOTAL UNITS	USAGE PER OCC. ROOM
Johnson	G.P. Forward	All-purpose cleaner	108 gal.	\$3.60	\$388.80	\$.0131	128 oz.	13,284	.4669
Johnson	J-Shop 600	Degreaser	39 gal.	4.95	193.05	.0065	128 oz.	4,992	.1686
Johnson	Freedom	Floor stripper	48 gal.	8.24	395.52	.0136	128 oz.	6,144	.2075
3M	Trouble Shooter	Special area stripper	15 can	6.01	90.15	.0030	23 oz.	345	.0017
Johnson	Complete	Composition floor wax	142 gal.	6.60	937.20	.0317	128 oz.	18,176	.6139
Johnson	Fortify	Porous floor seal	67 gal.	7.70	515.90	.0174	128 oz.	8,576	.2897
Johnson	Snap Back	Spray buff	.5 gal.	7.45	3.73	.0001	128 oz.	64	.0022
Johnson	Conq-R-Dust	Dust mop treatment	2 gal.	10.95	21.90	.0007	128 oz.	256	.0086
SSS	Waterless Cleaner	Wood floor stripper	35 gal.	8.90	311.50	.0105	128 oz.	4,480	.1513
SSS	Traffic Wax	Wood floor wax	5 gal.	12.30	61.50	.0021	128 oz.	640	.0216
Johnson	Rugbee Dry Foam Shampoo	Carpet shampoo	17 gal.	11.99	203.83	.0069	128 oz.	2,176	.0735
SSS	SSS Defoamer	Steam cleaner	6 gal.	14.53	87.18	.0029	128 oz.	768	.0259
Johnson	Rugbee Carpet Deodorizer	Powdered deodorant	3 can	3.65	10.95	.0004	24 oz.	72	.0024
P-C	Odor-Out-Carpet	Powdered deodorant	24 can	7.12	170.88	.0058	32 oz.	768	.0259
Core	Unbelievable	Carpet spotter	70 pint	3.04	212.80	.0072	16 oz.	1,120	.0378
SSS	Gum Remover	Tar & gum remover	61 can	2.88	175.68	.0059	12 oz.	732	.0247
P-C	Kilroy	Graffiti remover	3 can	4.54	13.62	.0005	15 oz.	45	.0015
Zep	Once Over	Wall & vinyl cleaner	27 can	3.13	84.51	.0029	22.5 oz.	607.5	.0205
P-C	Purge	Bathroom bowl cleaner	1 quart	4.79	4.79	.0002	32 oz.	32	.0011
Butchers	Glad Hands	Dispenser soap	12 gal.	9.17	110.04	.0037	128 oz.	1,536	.0519
SSS	Sani-Fresh	Dispenser soap	67 pack	3.88	259.96	.0088	32 oz.	2,144	.0724
Johnson	Lemon Shine Up	Furniture polish	35 can	2.04	71.40	.0024	15 oz.	525	.0177
3M	Stainless Steel Polish	Metal cleaner	52 can	4.25	221.00	.0075	21.5 oz.	1,118	.0378
3M	Tarni-Shield	Brass cleaner	43 bottle	5.58	239.94	.0081	10 oz.	430	.0145
	Vinegar	Neutralizer	26 gal.	1.05	27.30	.0009	128 oz.	3,328	.1124

After using a common measure to calculate the actual amounts used, the Executive Housekeeper can divide by the number of occupied rooms to determine the usage of each product per occupied room. In this way the Monthly Chemical Use Report enables the Executive Housekeeper to compare the relative efficiency of using various products for similar tasks. By comparing the costs per occupied room and the usage per occupied room achieved by alternative products, the Executive Housekeeper can evaluate which products yield greater cost savings and make purchasing decisions accordingly.