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SUPPLIER SELECTION CRITERIA AS A CRITIC POINT IN THE MENU QUALITY

PRELIMINARY COMMUNICATION

The food production in food service facilities have some unique characteristics like: the wide variety, choice and grades of raw materials available; the high perishability of some raw materials; the wide variety of semi-prepared and prepared products available; the perishability of the end product; the fast turnover of some foods; the product is rarely taken to the customer, the customer has to go to the product to purchase it and consume it; the product cannot be stored for any length of time; a wide variety of customers may be catered for within the same Establishment; there may be a variety of production and service methods in operation in any one outlet.

These unique characteristics determine specifics of the purchasing activities in hospitality industry. The basic activities which have to be performed are: determine requirements, supplier selection, maintain a convenient and sufficient inventory, purchase, receive, store, and issue products.

Selecting dependable suppliers who will provide consistent values is a very difficult task. This activity is directly connected with the menu quality. What is the best way to evaluate supplier products and services? There are three main performance criteria which are basically used in a rating system: price, quality and delivery performance. But, contemporary hospitality industry needs wider supplier selection criteria.

This paper is dealing with the most important supplier selection criteria in hospitality industry, especially in Macedonia. It contains a survey conducted in full service hotels, as well as the proposals for the effective supplier selection as critic point for menu quality.

Keywords: purchasing, supplier, food, criteria, hospitality, quality

INTRODUCTION

The totality of features and characteristics that create the quality of the meal experience are many and varied. They consist of tangible and intangible elements. The tangible elements are presented through menu items in the menus. Their quality is one of the most important attribute which is in the direct connection with menu quality.

The quality of food and beverage items partly is created in food production process in food service facilities, but it depends on quality of foodstuffs purchased obtained through purchased activities.

One of the most important activity in the purchasing cycle is the supplier selection. The criteria for supplier selection have developed with hospitality industry together. Today the list of supplier selection criteria is wider and includes more questions than price, quality and delivery performance. It can be classified according some aspects, but it seems, as we will see further, consistent value is what is preferred, by foodservice operations. The suppliers who consistently provide acceptable value will continue to grow and prosper.

In the second part of the paper we survey the supplier selection criteria in Macedonian hotel industry, we examine the importance of the supplier selection criteria and we compare them with the same criteria in American hotel industry. The come outs are given in the conclusion.

1. SUPPLIER SELECTION CRITERIA CLASIFICATION

Food production in food service industry is a phase of the food flow from the purchasing of the foods to service to the customer, mainly concerned with the processing of raw, semi-prepared food-stuffs. This transformation of raw, semi-raw or processed foods into a finished product ready for service is an essential function in any foodservice system and involves a number of interrelated steps. The extent of actual production done on the premises depends on the type of the foodservice system (conventional, commissary, ready-prepared, or assembly (serve)).

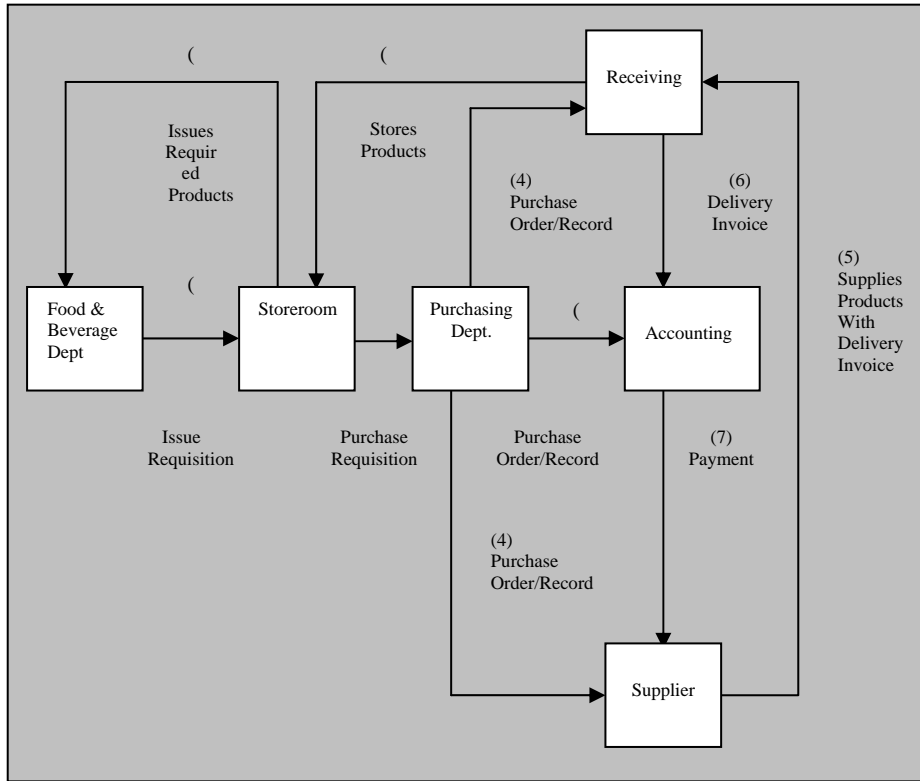
The resulting products may be in ready to serve form like in conventional methods, or it may need some form of preservation, for example cook-chill or cook-freeze before being served to the customer. The basic objectives in all food productions methods in food service facilities are:

- Enhance the aesthetic appeal of the food product by maximizing the sensory qualities of color, texture and flavor
- Implement hygiene and safety standards and to ensure that food is safe for human consumption
- Produce nutritive balanced food and improve digestibility of the food

These basic objectives have to ensure consistent food quality which is one of the most important menu attribute in menu quality creation. Consistent food quality is primarily attribute of all menu types practiced in different food operations (table d'hote, a la carte menu, de jour menu, limited menu, children menu).

One of the main precondition for menu quality foundation is the purchasing of food products of good quality. Purchasing is a series of activities designed to obtain products of the right quality, at the right price and time, and from the right place. The purchasing procedure includes series of activities. (Figure 1).

Figure 1. The purchasing Cycle: An Audit Trail



Source: Ninemeier. J. D., *Planning and Control for Food and Beverage Operations*, Michigan, Educational Institute of the American Hotel & Lodging Association, 2001,178

Taking in consideration that the quality of purchasing foodstuffs directly impacts the quality of menu items, selecting dependable suppliers who will provide consistent quality is a critic step in a purchasing cycle..

The scope and importance of supplier selection criteria evaluated parallel with the development of the purchasing as a function of food service operations.

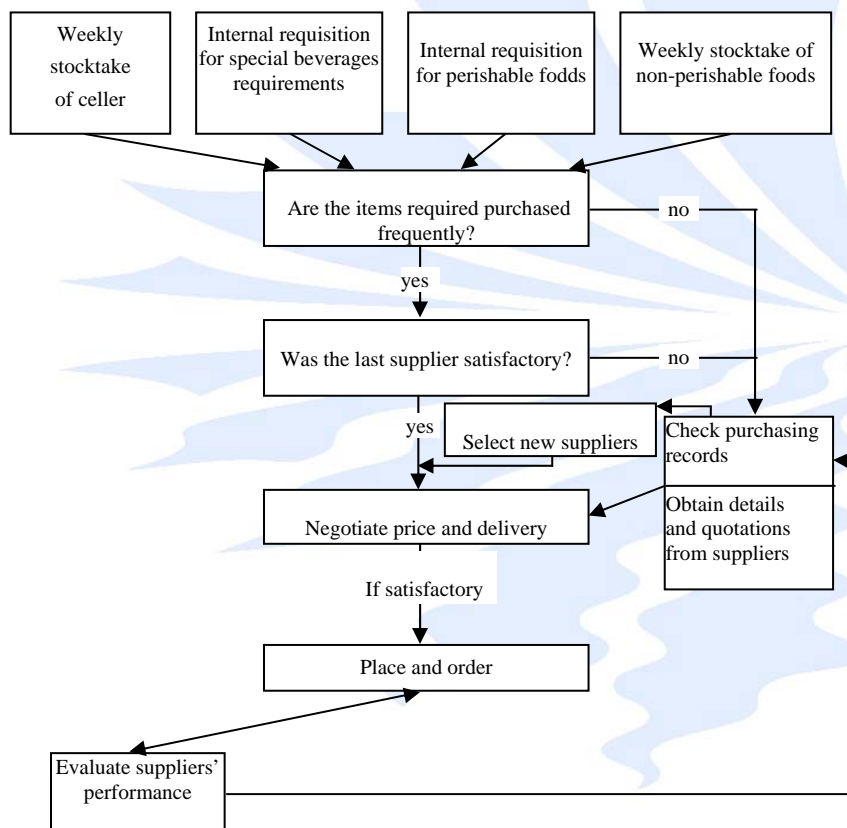
For instance M.C. Warfel and M.L. Cremer suggested that before any selection is made the testing committee which includes the production manager, the chef, the food and beverage manager and other operating department heads, have to control the reputations of the purveyors available in the area and also the management in addition can visit the purveyor's premises with the food buyer, so that both can assess the size and the quality of the operation.¹

¹ Warfel. M.C., Cremer. M. L., *Purchasing for Food Service Managers*, Berkeley California,1990, 67

Some authors outline areas of supplier operation that should be evaluated:²

- Plant facility (location, storage capability, refrigeration capacity, storage condition, refrigeration condition)
- Product (availability, quality, product variety, information, competitive pricing)
- Service (billing procedures, delivery schedule, credits policy, ordering systems, customer services)
- Sales representatives (professional, knowledgeable, responsive to complaints, follow through)

Figure 2. The selection of supplier



Source: Davis. B., Lockwood. A., Stone. S., *Food and Beverage Management*, Oxford, Butterworth Heinemann, 1998, 124

² Scanlon. N., *Restaurant Management*, New York, John Wiley & Sons, 1993, 126

When seeking a new supplier Davis B., Lockwood A., Stone S., suggested that caution must be exercised and detailed enquires made at least the following points:³

- Full details of the firm and the range of items they are selling
- Copies of recent prices lists
- Details of trading terms
- Details of other customers
- Samples of products

The process of supplier evaluation in foodservice facilities and selection process conduction is present in Figure 2.

J. D. Ninemeir points out that the important factors to consider, when food and beverage managers are selecting a supplier are:⁴

- *Location.* Delivery time, transportation costs, and unexpected delays may be reduced if the supplier's facility is close to the food and beverage operation.
- *Quality of Supplier's Operation.* Such things as sanitation, in house processing, handling of orders, and quantity and quality of items in stock must be assessed.
- *Technical Ability of the Supplier's Staff.* Good salespersons are more than order-takers. They know their products and can help the operation resolve problems involving the products they supply.
- *Value.* The purchaser must carefully assess the supplier's pieces in relation of quality of products needed by operation.
- *Compatibility.* A good working relationship between the food and beverage purchaser and supplier requires mutual beliefs about ethics and the fair treatment of both the guests and supplier.
- *Honesty and Fairness.* These traits must be part of the ongoing business relationship and supplier's reputation.
- *Delivery Personnel.* Their appearance, attitude, and courtesy contribute to the impression formed by the food and beverage operation.

2. SUPPLIER SELECTION CRITERIA IN MACEDONIAN HOTEL INDUSTRY

The supplier selection criteria research was performed through a questionnaire which contains a range of criteria, the same as a questionnaire used by the Center for Advanced Purchasing Studies (CAPS)⁵. The survey was conducted in Macedonian hotel industry during October and November 2009, and there were involved 34 hotels. The questionnaire used in the survey is consisted of 20 supplier selection criteria, as the

³ Davis. B., Lockwood. A., Stone. S., *Food and Beverage Management*, Oxford, Butterworth Heinemann, 1998, 122

⁴ Ninemeier. J. D., *Planning and Control for Food and Beverage Operations*, Michigan, Educational Institute of the American Hotel & Lodging Association, 2001, 180

⁵ Stefanelli. J. M., *Purchasing, selection and procurement for the hospitality industry*, New York, John Wiley & Sons, INC., 1992, 202

one used in the CAPS survey. It was done only because of the comparability of the final results. The hotel managers were asked to evaluate the quoted criteria with marks from 1-5, where 1 meant extremely important and 5 meant not important. The ranging list and grades of supplier selection criteria are presented in the Table 1.

A survey conducted by the Center for Advanced Purchasing Studies (CAPS) found that *Accuracy in filling orders*, *Consistent quality level*, *On time delivery*, *Willingness to work together* and *Willingness to respond in a pinch* were the desired supplier characteristics. Macedonian hotel managers prefer *Accuracy in filling orders*, *Willingness to respond in a pinch*, *Consistent quality level*, *On-time delivery* and *Reasonable unit cost*.

Table 1. Importance of supplier selection criteria

Selection criteria	Macedonian hotel industry survey		CAPS survey	
	Evaluation	Rank	Evaluation	Rank
Accuracy in filling orders	1,43	1	1,17	1
Willingness to respond in a pinch	1,50	2	1,53	5
Consistent quality level	1,58	3	1,17	2
On-time delivery	1,74	4	1,23	3
Reasonable unit cost	1,83	5	1,60	6
Reasonable payment policy	1,88	6	2,28	11
Lowest unit cost	1,94	7	2,09	10
Technical competence	1,95	8	2,09	9
Volume discounts	2,09	9	2,30	12
Reasonable lead times	2,15	10	2,00	7
Prompt payment discounts	2,16	11	2,70	16
Willingness to work together to resolve problems	2,24	12	1,36	4
Frequency of delivery	2,25	13	2,09	8
Reasonable minimum order	2,26	14	2,55	14
Geographical distance	2,33	15	2,69	15
Willingness to break a case	2,42	16	3,66	19
Knowledgeable sales staff	2,65	17	2,32	13
Ability to single source	2,71	18	3,23	17
Training in product use	3,15	19	3,26	18
Provision of recipe ideas	3,53	20	3,85	20

According to the analyzed questionnaires we can conclude that in Macedonian hotel industry the most important supplier selection criterion is the *Accuracy in filling orders* and it is the same one as in the USA hotel industry (according to CAPS survey). The less important supplier selection criterion in Macedonian hotel industry is the *Provision of recipe ideas*, as well as, in American hotel industry. Also, several criteria

are equally ranked in both surveys. For example, *Reasonable minimum order* and *Geographical distance* are ranked at 14 and 15 position in both surveys.

According to the ranks of the importance of the applied criteria in both surveys, there are high similarities in the larger number of the both, like *Consistent quality level* and *On-time delivery* on the top of the rank (ranked as 3 and 4 in Macedonian survey, and as 2 and 3 in American survey, respectively), and *Ability to single source* and *Training in product use*, at the bottom of the ranks (ranked as 18 and 19 in Macedonian survey, and as 17 and 18 in American survey, respectively).

There are only few criteria that are ranked differently in the surveys. For example, *Reasonable payment policy* and *Prompt payment discounts* are highly ranked by Macedonian hotel managers, although the *Willingness to work together to resolve problems* is a criterion highly ranked by American hotel managers.

CONCLUSION

The criteria for supplier selection are one of the most important activities in the purchasing cycle. The hotel industry specifics create specific criteria for supplier selection. Today there are wider rang of important selection criteria, than price, quality and delivery performance. Many classifications were made, but consistent value is what is preferred, by foodservice operations. The suppliers who consistently provide acceptable value will continue to grow and prosper.

The supplier selection criteria in Macedonian hotel industry were researched by criteria importance evaluation. The ranking and importance of the supplier selection criteria applied in Macedonian hotel industry were compared with the same in American hotel industry. The determined results revealed that there are large numbers of criteria that are evaluated in the same way in both surveys. Although there are several criteria that are ranked differently, we find that significant similarities exist. The main differences are detected in the criteria related with payments and willingness for mutual cooperation between hotels and suppliers. We emphasize several reasons for this situation: the financial insolvency of Macedonian firms; insufficient credibility in the Macedonian judicial system; undeveloped food supply chain; insufficient credibility among firms, especially between hotels and suppliers, etc.

Although the comparison was made between Macedonian hotel industry, as less developed, and American hotel and food service industry, which are the most developed in the world, the most important supplier selection criteria in both industries are related with the consistent quality creation directly related with the positive economic performance.

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