

CENTRAL TEXAS COLLEGE
RSTO 1325
PURCHASING FOR HOSPITALITY OPERATIONS

Semester Hours Credit: 3

INSTRUCTOR: _____

OFFICE HOURS: _____

I. COURSE DESCRIPTION

- A. Study of purchasing and inventory management of foods and other supplies to include development of purchase specifications, determination of order quantities, formal and informal price comparisons, proper receiving procedures, storage management, and issue procedures. Emphasis on product cost analysis, yields, pricing formulas, controls, and record keeping at each stage of the purchasing cycle.
- B. RSTO 1325, Purchasing for Hospitality Operations, is a required course for an Associate of Applied Science degree in Restaurant and Culinary Management, Hotel Management Specialization, Culinary Arts, Baking and Pastry Specialization, and Food and Beverage Management Specialization. This course is also required for certificates of completion in Culinary Arts, Rooms Division and Intuitional Food Service Operations.
- C. This course consists of in class lecture. The lecture portion meets twice weekly during the 16-week semester.

II. LEARNING OUTCOMES

Upon successful completion of this course, Purchasing for Hospitality Operations, the student will be able to:

- A. Define the terms “purchasing”, “selection”, and procurement”. (C5, C6, F1, F2)
- B. Explain how technology and e-commerce applications are changing in the hospitality industry. (C5, C6, C15-19, F1, F2, F12)
- C. Explain the economic values added to products and services as they journey through the channel of distribution. (C5, C6, C15-19, F1, F2, F12)

- D. Compare the economic, political, legal restrictions, and technological advances that affect the channel of distribution. **(C5, C6, C15-19, F1, F2, F12)**
- E. Describe the purchasing activities in a hospitality operation. **(C5, C6, C15-19, F1, F2, F12)**
- F. Describe the methods used to plan and organize the purchasing activities of a hospitality operator. **(C5, C6, C15-19, F1, F2, F12)**
- G. Identify factors that influence the information included on purchase specifications. **(C5, C6, C15-19, F1, F2, F12)**
- H. Calculate the correct order quantities and order times using par stock, Levinson, and theoretical methods. **(C5, C6, C15-19, F1, F2, F12)**
- I. Explain how purchase prices influence buyers. **(C5, C6, C15-19, F1, F2, F12)**
- J. Discuss the cost of paying sooner than necessary and of paying too late. **(C5, C6, C15- 19, F1, F2, F12)**
- K. Explain additional criteria used when choosing suppliers. **(C5, C6, C15-19, F1, F2, F12)**
- L. Demonstrate the use of a purchase requisition. **(C5, C6, C15-19, F1, F2, F12)**
- M. List receiving practices and methods that reduce receiving costs. **(C5, C6, C15-19, F1, F2, F12)**
- N. Identify space, temperature, humidity, and other requirements of proper storage. **(C5, C6, C15-19, F1, F2, F12)**
- O. Explore methods used to prevent security problems related to purchasing. **(C5, C6, C15-19, F1, F2, F12)**
- P. Explain the process of purchasing, receiving, storing, and issuing fresh produce. **(C5, C6, C15-19, F1, F2, F12)**
- Q. Assess management considerations surrounding the selection and procurement of processed produce and other grocery items. **(C5, C6, C15-19, F1, F2, F12)**
- R. Explain the selection factors for dairy products, including government grades. **(C5, C6, C15-19, F1, F2, F12)**

- S. Explain the selection factors for poultry, including government grades. (C5, C6, C15-19, F1, F2, F12)
- T. Identify the management considerations surrounding the selection and procurement of meat. (C5, C6, C15-19, F1, F2, F12)
- U. Identify management considerations surrounding the selection and procurement of beverage alcohols and nonalcoholic beverages. (C5, C6, C15-19, F1, F2, F12)
- V. Identify management considerations surrounding the selection and procurement of nonfood expense items. (C5, C6, C15-19, F1, F2, F12)
- W. Identify management considerations surrounding the selection and procurement of services. (C5, C6, C15-19, F1, F2, F12)
- X. Identify management considerations surrounding the selection and procurement of furniture, fixtures and equipment. (C5, C6, C15-19, F1, F2, F12)

III. INSTRUCTIONAL MATERIALS

- A. The instructional materials identified for this course are viewable through <http://www.ctcd.edu/books>
- B. Additional references may be required that are available in the Central Texas College Library.

IV. COURSE REQUIREMENTS

- A. Reading Assignments: Read text assignments prior to class and be prepared to discuss the text material, answering instructor questions orally with well-organized thoughts and ideas.
- B. Class Performance: (Refer to CTC Catalog, Page 43, for detailed policy). You are expected to attend each class period, be on time and stay the full class period or be counted absent. You are responsible for all course material missed due to absence. The instructor does not provide class notes for classes missed.
- C. Class Participation: A student must be present for all examinations. No make-up examinations will be given. Students who know in advance that they will be absent from an examinations due to valid reasons must arrange to take an early examinations. Unexpected absences due to illness or extenuating circumstances

will require the student to see the instructor about individual make-up work in lieu of the missed examinations.

V. EXAMINATIONS

- A. There will be two examinations.
 - 1. Exam 1 (Mid-Term)
 - 2. Exam 2 (Final Exam)
- B. A student must be present for all examinations. No make-up examinations will be given. Students who know in advance that they will be absent from an examination due to valid reasons must arrange to take an early examination. Unexpected absences due to illness or extenuating circumstances will require the student to see the instructor about individual make-up work in lieu of the missed examination.
- C. Students without excused absences will be given a zero for the missed examination.

VI. SEMESTER GRADE COMPUTATIONS

A. Exam 1 (Mid-Term)	100 points	10%
Exam 2 (Final Exam)	150 points	15%
Written Assignments	525 points	52.5%
Quizzes (9 @ 50 pts)	<u>225 points</u>	<u>22.5%</u>
Total Points	1000 points	100%

A (1000 – 900) **B** (899 – 800) **C** (799 – 700) **D** (699 – 600) **F** (Below 600)

- B. A student must take the final examination to receive a grade for this course.

VII. NOTES AND ADDITIONAL INSTRUCTIONS FROM COURSE INSTRUCTOR

- A. Course Withdrawal: It is the student's responsibility to officially withdraw from a class if circumstances prevent attendance. Any student who desires to, or must, officially withdraw from a course after the first scheduled class meeting must file a Central Texas College Application for Withdrawal (CTC Form 59). The student must sign the withdrawal form.

CTC Form 59 will be accepted at any time prior to Friday, the 12th week of classes during the 16-week fall and spring semesters. The deadline for sessions of other lengths is:

10-week session	Friday of the 8th week
8-week session	Friday of the 6th week
5-week session	Friday of the 4th week

The equivalent date (75% of the semester) will be used for sessions of other lengths. The specific last day to withdraw is published each semester in the Schedule Bulletin.

A student who officially withdraws will be awarded the grade of "W", provided the student's attendance and academic performance is satisfactory at the time of official withdrawal. Students must file a withdrawal application with the College before they may be considered for withdrawal.

A student may not withdraw from a class for which the instructor has previously issued the student a grade of "F" or "FN" for nonattendance.

- B. Administrative Withdrawal: An administrative withdrawal may be initiated when the student fails to meet College attendance requirements. The instructor will assign the appropriate grade on CTC Form 59 for submission to the registrar.
- C. Incomplete Grade: The College catalog states, "An incomplete grade may be given in those cases where the student has completed the majority of the course work but, because of personal illness, death in the immediate family, or military orders, the student is unable to complete the requirements for a course..." Prior approval from the instructor is required before the grade of "I" is recorded. A student who merely fails to show for the final examination will receive a zero for the final and an "F" for the course.
- D. Cellular Phones: Cellular phones will be turned off while the student is in the classroom or laboratory.
- E. Disability Support Services Program: Disability Support Services provide services to students who have appropriate documentation of a disability. Students requiring accommodations for class, lecture and/or Distance Learning are responsible for contacting the Office of Disability Support Services (DSS) located on the central campus. This service is available to all students, regardless of locations. Explore the website at www.ctcd.edu/disability-support for further information. Reasonable accommodations will be given in accordance with the federal and state laws through the DSS office.
- F. Instructor Discretion: The instructor reserves the right of final decision in course requirements.
- G. Civility: Individuals are expected to be cognizant of what a constructive educational experience is and respectful of those participating in a learning environment. Failure to do so can result in disciplinary action up to and including expulsion.

H. Honesty and Integrity: All students are required and expected to maintain the highest standards of scholastic honesty in the preparation of all course work and during examinations. The following will be considered examples of scholastic dishonesty:

1. *Plagiarism*: The taking of passages from writing of others without giving proper credit to the sources.
2. *Collusion*: Using another's work as one's own; or working together with another person in the preparation of work, unless joint preparation is specifically approved in advance by the instructor.
3. *Cheating*: Giving or receiving information on examinations.

Students guilty of scholastic dishonesty will be administratively dropped from the course with a grade of "F" and will be subject to disciplinary action.

VIII. COURSE OUTLINE

A. Lesson One:

Chapters 1-4: The Concepts of Selection and Procurement; Technology Applications in Purchasing; Distribution Systems; and Forces Affecting the Distribution Systems.

1. Unit Outcomes: Upon successful completion of this unit, the student will be able to:
 - a. Define several terms associated with selection and procurement.
 - b. Distinguish among different types of hospitality operations.
 - c. Describe purchasing functions within different types of hospitality operations.
 - d. Describe how distributors utilize technology to assist in the management of their products and to streamline their services.
 - e. Explain how technologies are used by hospitality operators in the selection, procurement, and inventory management process.
 - f. Discuss what may lie ahead for the future of hospitality selection and procurement.
 - g. Differentiate between sources and intermediaries in the distribution system for food, nonalcoholic beverages, and nonfood supplies.
 - h. Differentiate between sources and intermediaries in the distribution system for beer, wine, and distilled spirits.
 - i. Describe the distribution systems for furniture, fixtures, and equipment and for services.
 - j. Distinguish between the economic values added to products and services as they journey through the channel of distribution.
 - k. Explain the buyer's place in the channel of distribution.
 - l. Identify and differentiate the economic forces and the intangible forces that affect the channel of distribution.

- m. Describe the role of political forces and ethics in the channel of distribution.
 - n. Explain legal restrictions related to food distribution and labeling.
 - o. Explain the legal forces that regulate competition and how companies conduct business.
 - p. List examples of technological advances that impact product distribution.
2. Learning Activities:
Classroom lecture and discussion (C5, C6, C9, F1, F5, F6-8, F11, F12, F15)
 3. Unit Outline: Follow the sequence of the unit objectives.

B. Lesson Two:

Chapters 5-6: An Overview of the Purchasing Function; and The Organization, Administration, and Evaluation of Purchasing.

1. Unit Outcomes: Upon successful completion of this unit, the student will be able to:
 - a. Describe the purchasing activities in the hospitality operation.
 - b. Explain research projects and activities that can assist with improving future operations.
 - c. Outlines the objectives of the purchasing function.
 - d. Differentiate potential problems that buyers may encounter when pursuing purchasing objectives.
 - e. Describe the methods used to plan the purchasing activities of a hospitality operator.
 - f. Design the purchasing organizational patterns of small independent, medium independent and multiunit hospitality operations.
 - g. Summarize the skills and qualities typically sought after in a hospitality buyer as shown in a job specification and job description.
 - h. Describe the buyer's relationship with other managers and employees.
 - i. Explain the importance of budgeting and controlling inventories.
 - j. Recognize the different types of purchasing policies and procedures and how they are used to evaluate a buyer's performance.
2. Learning Activities:
Classroom lecture and discussion (C5, C6, C9, F1, F5, F6-8, F11, F12, F15).
3. Unit Outline: Follow the sequence of the unit objectives.

C. Lesson Three:

Chapters 7-8: The Purchase Specification: An Overall View; and The Optimal

Amount.

1. Unit Outcomes: Upon successful completion of this unit the student will be able to:
 - a. Recall why hospitality organizations use purchase specifications.
 - b. Provide examples of information that should be included on purchase specifications.
 - c. Identify factors that influence the information included on purchase specifications. And who writes them.
 - d. Analyze the potential problems related to purchase specifications.
 - e. Evaluate how optimum quality is related to specifications.
 - f. Compare and contrast methods for measuring quality, including the use of government grades and packers' brands.
 - g. Explain the importance of determining and maintaining the optimal inventory level.
 - h. Calculate the correct order size and order times using the par stock approach.
 - i. Calculate the correct order size and order times using the Levinson approach.
 - j. Calculate the correct order size using the practical approach.
 - k. Calculate the correct order size and order times using theoretical methods.
 - l. Evaluate the benefits and problems of using only the theoretical method for determining inventory levels.
2. Learning Activities:

Classroom lecture and discussion (C5, C6, C9, F1, F5, F6-8, F11, F12, F15).
3. Unit Outline: Follow the sequence of the unit objectives.

D. **Lesson Four:**

Chapters 9-10: Determining Optimal Purchase Prices and Payment Policies; and The Optimal Supplier.

1. Unit Outcomes: Upon successful completion of this unit the student will be able to:
 - a. Explain the difference between optimal price and AP price.
 - b. Describe how suppliers determine their purchase prices.
 - c. Differentiate between the type of discounts available and how they influence AP prices.
 - d. Identify purchasing and receiving methods that reduce purchase prices.
 - e. Use additional methods to reduce AP price including calculating edible portion cost, servable portion cost, and standard cost.
 - f. Evaluate qualitative aspects of a potential opportunity buy.
 - g. Determine the elements of the optimal payment policy, including the costs of paying sooner than necessary and of paying too late.

- h. Compare and contrast the bill-paying procedures that can be employed by hospitality operators.
- i. Develop an approved supplier list.
- j. Assess a buying plan.
- k. Evaluate supplier selection criteria.
- l. Describe the relationship between suppliers and buyers.
- m. Describe the relationship between salespersons and buyers.
- n. Design procedures for evaluating suppliers and salespersons.

2. Learning Activities:

Classroom lecture and discussion (C5, C6, C9, F1, F5, F6-8, F11, F12, F15).

3. Unit Outline: Follow the sequence of the unit objectives.

E. **Lesson Five:**

Chapters 11-14: Typical Ordering Procedures; Typical Receiving Procedures; Typical Storage Management Procedures; and Security in the Purchasing Function.

1. Unit Outcomes: Upon successful completion of this unit the student will be able to:
 - a. Create and explain the use of a purchase requisition.
 - b. Sequence typical ordering procedures.
 - c. Generate a purchase order, and describe its use.
 - d. Describe methods commonly used to expedite and streamline the ordering process.
 - e. Identify the objectives of receiving.
 - f. Describe the essentials of effective receiving.
 - g. Synthesize typical invoice receiving procedures.
 - h. Provide examples of other receiving duties.
 - i. Compare alternative receiving methods.
 - j. Summarize good receiving practices, including methods that reduce receiving costs.
 - k. Explain the objectives of storage.
 - l. Describe the factors needed to achieve storage objectives.
 - m. Illustrate the process of managing inventory and storage facilities.
 - n. Analyze the value of exercising tight control over the stock and storage management procedures.
 - o. Discuss why security is important in the hospitality industry.
 - p. Describe the security problems associated with the purchasing function.
 - q. Identify methods used to prevent security problems related to suppliers.
 - r. Identify methods used to prevent security problems related to employees.
 - s. Examine methods used to prevent security problems related to facilities and the owner-manager's role in the security process.

2. Learning Activities:

Classroom lecture and discussion (C5, C6, C9, F1, F5, F6-8, F11, F12, F15).

3. Unit Outline: Follow the sequence of the unit objectives.

F. **Lesson Six:**

Chapters 15-17: Fresh Produce; Processed Produce and Other Grocery Items; and Dairy Products;

1. Unit Outcomes: Upon successful completion of this unit, the student will be able to:

- a. Discuss the importance and challenges of purchasing fresh produce.
- b. Choose appropriate fresh produce items based on primary selection factors, including government grades.
- c. Categorize fresh produce according to product size, form, and packaging and related characteristics.
- d. Create a specification for fresh produce that can be used in the purchasing process.
- e. Describe procedure for receiving, storing, and issuing fresh produce.
- f. Explain management considerations surrounding the selection and procurement of processed produce and other grocery items.
- g. Choose appropriate processed produce and other grocery items based on primary selection factors, including government grades.
- h. Categorize processed produce and other grocery items according to product size, form, and packaging and related characteristics.
- i. Consider supplier and AP price factors when purchasing processed produce and other grocery items.
- j. Create a specification for processed produce and other grocery items that can be used in the purchasing process.
- k. Describe procedures for receiving, storing, and issuing processed produce and other grocery items.
- l. Discuss the management considerations when purchasing dairy products.
- m. Choose appropriate dairy products based on primary selection factors, including government grades.
- n. Categorize dairy products according to product size, form, and packaging, and related characteristics.
- o. Create a specification for dairy products that can be used in the purchasing process.
- p. Describe procedures for receiving, storing, and issuing dairy products.

2. Learning Activities:

Classroom lecture and discussion (C5, C6, C9, F1, F5, F6-8, F11, F12, F15).

3. Unit Outline: Follow the sequence of the unit objectives.

G. **Lesson Seven:**

Chapters 18-19: Eggs; and Poultry

1. Unit Outcomes: Upon successful completion of this unit, the student will be able to:
 - a. Choose appropriate eggs based on primary selection factors, including government grades.
 - b. Categorize eggs according to product size, form, and packaging, and related characteristics.
 - c. Create a specification for eggs that can be used in the purchasing process.
 - d. Describe procedures for receiving, storing, and issuing eggs.
 - e. Choose appropriate poultry items based on primary selection factors, including government grades.
 - f. Categorize poultry according to product size, form and packaging, and related characteristics.
 - g. Consider supplier and AP price factors when purchasing poultry.
 - h. Describe procedures for purchasing, creating specification for, receiving, storing, and issuing poultry.
2. Learning Activities:

Classroom lecture and discussion (C5, C6, C9, F1, F5, F6-8, F11, F12, F15).
3. Unit Outline: Follow the sequence of the unit objectives.

H. **Lesson Eight:**

Chapters 20-22: Fish; Meat; and Beverages

1. Unit Outcomes: Upon successful completion of this unit, the student will be able to:
 - a. Discuss the importance and challenges of purchasing fish.
 - b. Choose appropriate fish based on primary selection factors, including government grades.
 - c. Categorize fish according to product size, form, and packaging, and related characteristics.
 - d. Consider supplier factors when purchasing fish.
 - e. Create a specification for fish that can be used in the purchasing process.
 - f. Describe procedures for receiving, storing, and issuing fish.
 - g. Identify the management considerations surrounding the selection and procurement of meat.

- h. Choose appropriate meats based on primary selection factors.
- i. Explain the USDA's inspections process for evaluating meat wholesomeness.
- j. Select appropriate meats based on the type of quality grade, yield grade, and/or packer's brand.
- k. Categorize meat according to product size, form, and packaging, and related characteristics.
- l. Create a specification for meat that can be used in the purchasing process.
- m. Describe procedures for receiving, storing, and issuing meat.
- n. Discuss the management consideration when purchasing beverage alcohols.
- o. Choose appropriate beverage alcohols based on various selection factors.
- p. Consider AP price and supplier factors when purchasing beverage alcohols.
- q. Create a specification for beverage alcohols that can be used in the purchasing process.
- r. Describe procedures for receiving, storing, and issuing beverage alcohols.
- s. Discuss the management considerations when purchasing nonalcoholic beverages.
- t. Choose appropriate nonalcoholic beverages based on various selection factors.
- u. Describe procedures for purchasing, receiving, storing, and issuing nonalcoholic beverages.

2. Learning Activities:

Classroom lecture and discussion (C5, C6, C9, F1, F5, F6-8, F11, F12, F15).

3. Unit Outline: Follow the sequence of the unit objectives.

I. **Lesson Nine:**

Chapters 23-25: Nonfood Expense Items: Services: Furniture, Fixtures, and Equipment.

1 Unit Outcomes: Upon successful completion of this unit, the student will be able to:

- a. Identify management considerations regarding the types of nonfood expense items used.
- b. Explain management considerations related to price and supplier factors for nonfood expense items.
- c. Create a specification for nonfood expense items that can be used in the purchasing process.
- d. Describe the selection factors for cleaning and maintenance items.
- e. Analyze the selection factors when deciding whether to purchase permanent or disposable ware and utensils.
- f. Differentiate the characteristics of fabrics and paper goods that affect the purchasing decision.
- g. Identify management considerations, including security concerns, surrounding

the selection and procurement of services.

- h. Create a specification outline for services that can be used in the purchasing process.
- i. Evaluate the major selection factors for cleaning and maintenance-related services.
- j. Examine selection factors for other facilities-related services.
- k. Formulate a promotional strategy for a hospitality operation using various types of advertising.
- l. Review selection factors for consulting, financial, and insurance services.
- m. Identify management considerations surrounding the selection and procurement of furniture, fixtures, and equipment.
- n. Outline the general procedures used when purchasing furniture, fixtures, and equipment.
- o. Describe the primary selection factors for furniture, fixtures, and equipment.
- p. Evaluate furniture, fixtures, and equipment based on operating characteristics.
- q. Consider cost and service factors when purchasing furniture, fixtures, and equipment.
- r. Review financing options when purchasing furniture, fixtures, and equipment.

2. Learning Activities:

Classroom lecture and discussion (**C5, C6, C9, F1, F5, F6-8, F11, F12, F15**)

3. Unit Outline: Follow the sequence of the unit objectives.