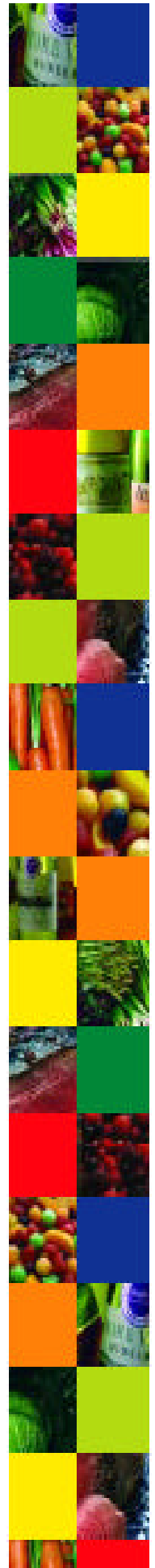




Extending Regional Hospitality



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1a: CREATING THE SUPPLY CHAIN TRADE NETWORK

"I think people's tastes are changing and trends are changing. You'll see a lot more local suppliers popping up and people using them."

Richard Arnold, Crown Inn, Munslow

Never underestimate the power of word of mouth promotion – it goes further than the local community. Visitors to the area will often use hotels and restaurants that have been recommended to them by a friend, colleague, family member or local sources e.g. Tourist Information.

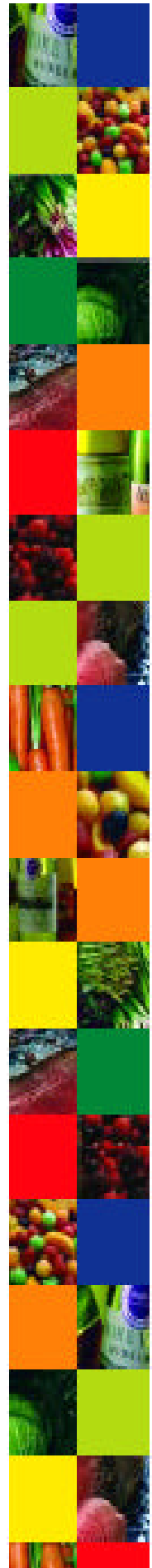
In one survey:

- 67% say they are prepared to pay more for quality food and drink. They rate the use of fresh ingredients and the quality of ingredients in the top 5 factors that contribute towards making a meal out an excellent experience.
- 34% look for local produce.

The West Midlands region has an abundance of local produce that could be used to give your business the competitive edge. Why bring produce in from other areas of the country or the world when it is available round the corner?!

In this section you will:

- Establish the basic principles of supply chain management
- Identify why developing a local supplier partnership is good for your business
- Identify actions to take to increase the use of local suppliers



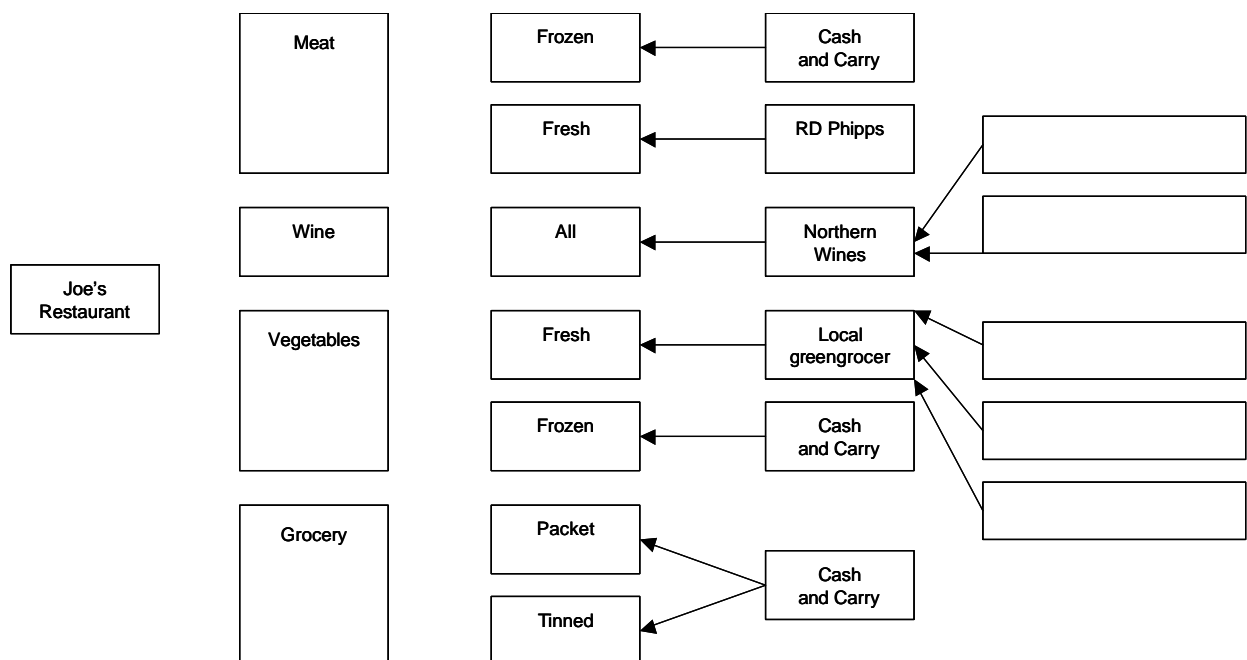
■ What is a supply chain?

A supply chain is the shorthand term for the network of suppliers and customers within which your business operates.

Increasing emphasis is put on supply chain management as realisation grows that by developing more than the traditional customer/ supplier relationship and building a closer and long term 'partnership' the best commercial advantage is achieved. Many large businesses invite suppliers to meetings where both sides discuss problems and together decide on solutions and practices. By doing this both the commercial and operational advantages increase. In this type of partnership both sides work together to 'win' for each other as each side have a vested interest in succeeding.

Those suppliers then, in turn, create a partnership with their suppliers to ensure quality all the way up the line. Supply chain management aims to improve the performance of all the levels of the chain by building relationships that will potentially improve communication and understanding between all parties and lead to increased business on both sides.

■ EXAMPLE SUPPLY CHAIN for a catering business



Even the smallest of businesses can have a lot of suppliers and building successful supplier partnerships can have an effect on reducing the amount of suppliers, therefore reducing administration time. However, you may not be able to convert everything to this type of relationship.

■ Why create a local supply chain?

Many people are attracted to trying local produce / cuisine / products. It is a growing market and it could lead to more success for your business. If businesses in the same area work together they achieve success not only for themselves but for the whole community.

“There are more and more restaurants opening today and they do look for a high quality product and this is where locally produced products score over the wholesale houses.”

David Hollyhead, Astbury Falls Fish Farm, Astbury

What is local food? Local food means food that is grown, harvested and traded all in one area.

What are the overall benefits of a local supply chain?

Commercial:

- Delivery times can be more suitable – rather than milk being delivered at 5am and sitting on the doorstep until you arrive at work at 10am
- Often there is an improvement in quality and particularly freshness – strawberries from Europe will have a reduced shelf life by the time they get to you
- Transport costs are reduced saving food miles and additional environmental pollution/damage
- Often able to have more frequent deliveries thereby reducing stock space
- Improved cash flow
- Flexibility to respond to customer needs
- Increased marketing opportunities
- Improved menu planning as suppliers will inform you in advance of what they are able to provide
- Seasonality of product ensures good prices at optimum quality

To local community

- Keeps money in the local economy -A recent survey showed that every £10 spent with a local food business is worth £25 for the local area compared to £14 spent with supermarkets
- Local jobs for local people – 26% of local food businesses have created jobs during the last 12 months compared to 8% of non local food businesses
- Increases the reputation of the area and visitor numbers increase thereby increasing the above

What are the benefits of building a partnership with a local supplier?

Building a relationship with a supplier works both ways. They get more business and you get:

- ◆ Reliable products
- ◆ Reliable service - If a supplier is locally based they are often flexible to the 'emergencies' you may have and are able to deliver at short notice
- ◆ Open communication
- ◆ 'extra' help - Often suppliers are willing to assist in training your staff by arranging visits to their location or arranging tastings of the product. Some may even give financial support to special promotions that you put on, and others may offer to 'personalise' the product with your business name.

All these factors add to both sides achieving success.

Some suppliers may see themselves as managing their businesses well already, so why should they do anything differently? You may need to think of the approach you take and 'sell' the advantages to them of building a relationship with you using some of the ideas here.

■ Case study: The Dog Inn, Worfield/Dukeshill Ham Company, Deuxhill

Dukeshill Ham Company produce dry cure hams that were once used as a staple item in English cooking. The Shropshire Black ham is prepared in the old way, slowly over months.

Neale Hollingsworth "The average hotelier, publican, whatever, knows if he buys a brand name ham, mass produced, everybody knows it. Some people enjoy it but it's not the same as we are offering. Sometimes you have to get over the hurdle of taking the easy route of saying 'oh, everybody's heard of XYZ brand – who knows – it might just be that little bit better'".

Which, in the end is what convinced the owners of the Dog Inn at Worfield to go local! Despite being sceptical at first they were persuaded to give the locally cured hams a try.

Vic Pocock from the Dog Inn "Occasionally we would use some local produce, when it was in season. But the whole idea of having a menu that you could have all year round based on local produce seemed really difficult so we tended not to do that."

Now they make a feature of all local suppliers they use on their menu – local quality overcoming the convenience of buying from a wholesaler.

continued.../

Vic Pocock “It was much easier to use one supplier but once you get into using local people and getting to know what’s seasonal and that sort of thing, it does become easier.”

Neale Hollingsworth – Dukeshill Ham Company: “I’m not exactly a one man band but I am a small artisan manufacturer. But I don’t think that detracts from the professionalism with which we approach the job. If people come to us they know they are buying local produce made with care.”

Questions:

- ◆ What are the barriers to changing from a convenient wholesale supplier to using local producers?
- ◆ What are the benefits to a business of using local producers and suppliers?
- ◆ What are the benefits to your customers?
- ◆ What benefits would there be for your suppliers?
- ◆ What benefits do you think there might be for the local area?

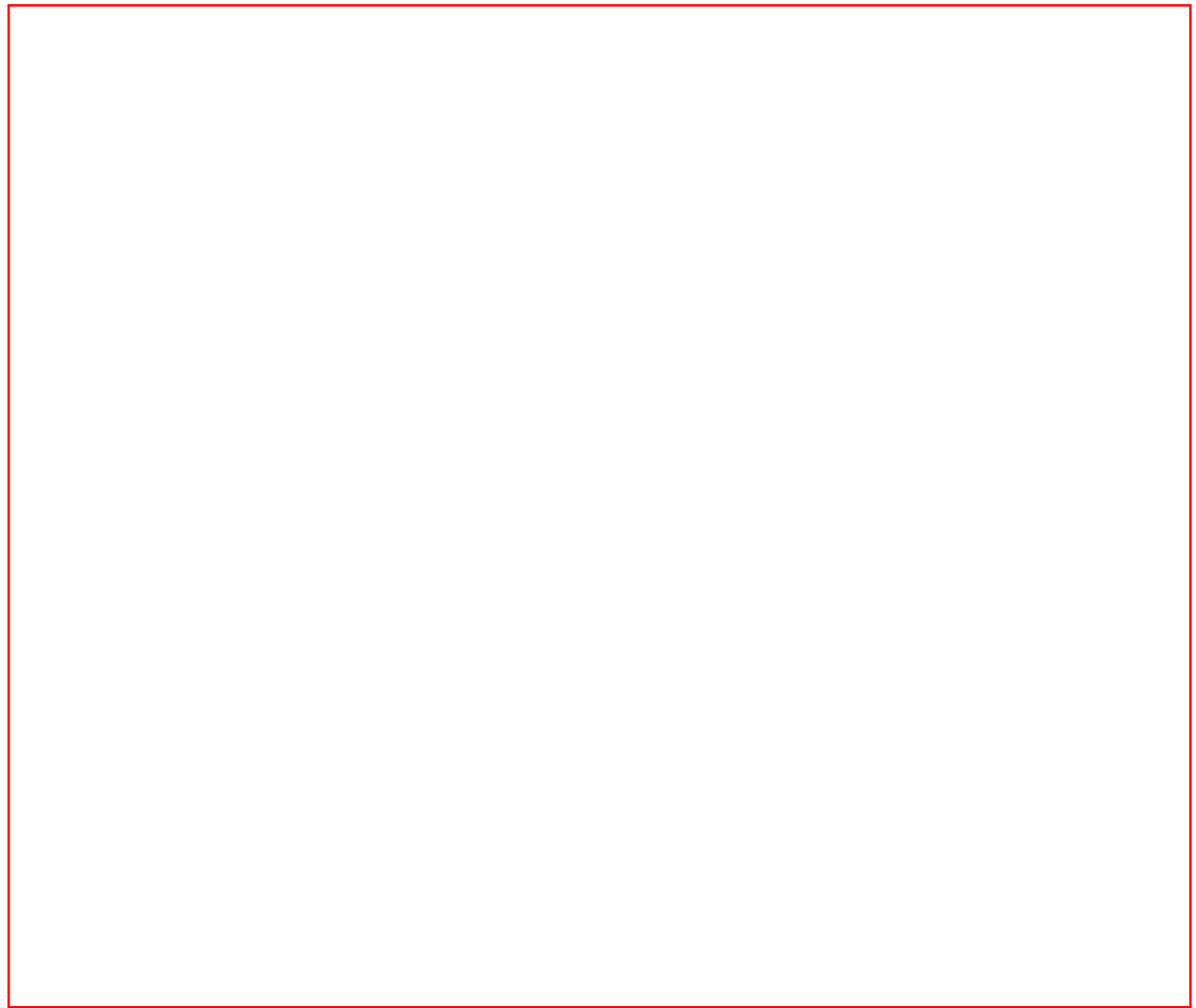
■ Identifying potential changes in your supply chain

In the main local produce is ‘critical’ to a caterer eg: meat, vegetables, wines etc. Critical suppliers are those that supply the main products that you use in your daily operation. Therefore these tend to be the relationships that are looked at first.

■ EXERCISE:

Map out the supply chain for your business and immediate suppliers. If you already use local suppliers for some products consider the relationship you have with them. Identify any actions you could take to improve for the benefit of both sides.

Identify 3 critical suppliers and investigate if products could be sourced locally to achieve some of the benefits above.



If the main promotion of your business is through word of mouth, remember your suppliers carry that reputation with them – make sure it is positive relationship!

“As well as growing a vast and unusual array of our own herbs in Sylvia’s Garden, I have spent many years building relationships with suppliers of quality meat and vegetables in Shropshire’s fertile hills. These supply me with ultra sweet lamb, aged marbled beef, free range Hereford ducks, traditional Gloucester Old Spot Pork, Bobbington Wild Boar, Cox’s apple juice, asparagus, summer fruit, pheasant, venison, The list goes on.”

Stuart Phillips, Head Chef, Hungry House Hotel Norton Near Shifnal

■ EXERCISE:

You might like to try this recording exercise to identify where building a local stronger partnership could benefit.

Over a period of a week or month complete this record for any delivery that has been rejected - this may be a complete delivery or a part of it. Identify what cost factors have been incurred by you e.g. time on phone arguing, frustration, monetary values etc. Then identify what factors may have been transferred to your customers e.g. taking an item off the menu could mean customer disappointment or a complaint.

Date	Service or goods received	Rejects or wrong order	Cost to you	Cost of dissatisfied customers

■ Summary

- Never underestimate the power of word of mouth promotion – it goes further than the local community.
- Holiday makers rate the use of fresh ingredients and the quality of ingredients in the top 5 factors that contribute towards making a meal out an excellent experience.
- Both sides work together to ‘win’ for each other as each side have a vested interest in succeeding.
- If businesses in the same area work together they achieve success not only for themselves but for the whole community.
- Building a relationship with a supplier works both ways. They get more business and you get: reliable products, reliable service, open communication, ‘extra’ help.

1b: CREATING THE SUPPLY CHAIN TRADE NETWORK - SUPPLIER

"I think people's tastes are changing and trends are changing. You'll see a lot more local suppliers popping up and people using them."

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Never under estimate the power of word of mouth promotion – it goes further than the local community. Visitors to the area will often use hotels and restaurants that have been recommended to them by a friend, colleague, family member or local sources e.g. Tourist Information.

In one survey of holiday makers:

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- 34% look for local produce.

In this section you will:

- Establish the basic principle of supply chain management
- Identify why developing a local supplier partnership is beneficial
- Identify actions to take to promote your business to local catering businesses

■ What is a supply chain?

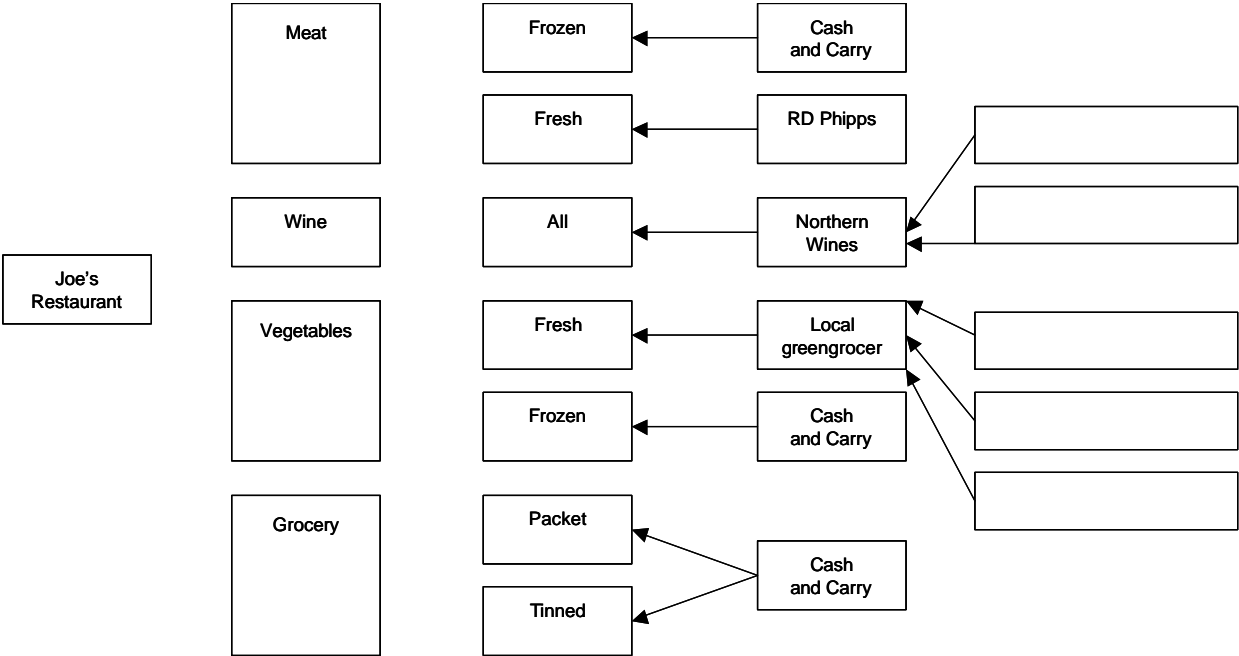
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Increasing emphasis is put on supply chain management as realisation grows that by developing more than the traditional customer/ supplier relationship and building a closer and long term 'partnership' the best commercial advantage is achieved. Many large businesses invite suppliers to meetings where both sides discuss problems and together decide on solutions and practices. By doing this both the commercial and operational advantages increase. In this type of partnership both sides work together to 'win' for each other as each side have a vested interest in succeeding.



Those suppliers then, in turn, create a partnership with their suppliers to ensure quality all the way up the line. Supply chain management aims to improve the performance of all the levels of the chain by building relationships that will potentially improve communication and understanding between all parties and lead to increased business on both sides.

EXAMPLE SUPPLY CHAIN for a catering business



As a supplier you are supplying your produce or products to your 'customer' but in turn you have your own suppliers. Even the smallest of businesses can have a lot of suppliers and by building successful supplier partnerships it can have an effect on reducing the amount of suppliers, therefore reducing administration time. However, you may not be able to convert everything to this type of relationship.

Why create a local supply chain?

Many people are attracted to trying local produce/cuisine/products. It is a growing market and it could lead to more success for your business. If businesses in the same area work together they achieve success not only for themselves but for the whole community.

“There are more and more restaurants opening today and they do look for a high quality product and this is where locally produced products score over the wholesale houses.”
 David Hollyhead, Astbury Falls Fish Farm, Astbury

What is local food? Local food means food that is grown, harvested and traded all in one area.

What are the overall benefits of a local supply chain for suppliers?

To your business:

- As local produce is increasingly used by catering businesses there are many more opportunities available to increase business
- Your long distance transport costs are reduced and the environment is improved
- If you offer frequent deliveries you can reduce stock holding space
- Improved cash flow
- You have increased marketing opportunities as your customer base expands
- Improved planning for your growing, products etc as you have secure orders

To local community

- Keeps money in the local economy -A recent survey showed that every £10 spent with a local food business is worth £25 for the local area compared to to £14 spent with supermarkets
- Local jobs for local people – 26% of local food businesses have created jobs during the last 12 months compared to 8% of non local food businesses
- Increases the reputation of the area and visitor numbers increase thereby increasing the above

EXERCISE:

a) Map out your own suppliers - identify any areas where you think you could resource locally to achieve some of the benefits above.

b) Local producers of meat, fish, vegetables, fruit, wines etc are termed as 'critical' suppliers to the catering industry. Critical suppliers are those that supply the main products that are used in a business' daily operation, therefore there is a great sales opportunity for you.

List potential businesses in your area that you could 'sell' to.



■ Building a partnership

Building a relationship with a customer works both ways. You get more business and they get reliable products and reliable service. In turn, if you build a partnership with your suppliers you will also achieve these extra benefits.

■ Case study: The Dog Inn, Worfield/Dukeshill Ham Company, Deuxhill

Dukeshill Ham Company produce dry cure hams that were once used as a staple item in English cooking. The Shropshire Black ham is prepared in the old way, slowly over months.

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- ◆ What are the benefits to your customers?
- ◆ What benefits would there be for your suppliers?
- ◆ What benefits do you think there might be for the local area?

■ How do you start the relationship with a potential customer?

- **Research** local catering businesses, not just what they are called but who owns them, the style of food or drink they offer
 - ◆ Eat or drink there so you see first hand and can talk knowledgeably to the manager
 - ◆ Talk to other people about their experiences of the potential business
 - ◆ Make sure what you have to offer matches the style of the business or could be incorporated easily – you may have to ‘sell’ this aspect more.
- **Visit** the business and sell direct – not on the phone – if your product is visually appealing and tastes wonderful the phone isn’t going to help!
 - ◆ Avoid visiting at service times - the chef will not welcome you! Mid morning is the best time as this is when most preparation and administration may be carried out. In the afternoon people may be putting their feet up between shifts!
- **Produce** a clear brochure or leaflet about your products that you can leave with the business – make sure it has your name and contact number on it!
 - ◆ Take fresh samples with you – be prepared to leave them – sometimes the person you see might like to make the decision with someone else e.g. the manager might like his chef to see the products before making a decision.

A catering business is concerned with these key points:

Quality

They will have their own specifications e.g. amount of meat fat, colour, texture etc and look at your products against those. They will want consistency assured – i.e. what you have in front of them today you can deliver permanently.

Quantity

A small business will probably buy small amounts, but buy them frequently. Remember to consider the long term business as over a year their custom will add up. If the customer is only buying small amounts at a time e.g. 3 kilos – keep your discussion along those lines – don't start talking about how many fields of a crop you grow as this may not be understood. Flexibility of quantity may also have to be considered. If a catering business has a quiet month they won't want as much but would still like you to be there for when they are busy. Look at the long term picture – you could end up selling more because you are flexible.

Delivery

Catering businesses are looking for reliability of delivery i.e. it is there when they ask for it to be there but they also like some flexibility in the system. If there is a sudden rush of business being able to deliver extra at short notice is seen as a big plus. Ask about timing of deliveries – during service is a very pressurised time and most chefs won't welcome you walking in through the door with a tray of lettuces! Likewise leaving produce on the doorstep early in the morning may not meet hygiene requirements. This is very much an area for discussion but needs to clearly set down to avoid future problems.

Price

Sell your price by including all the things you can do for the business e.g. flexibility etc. and the benefits of the product itself to the business. If the business is only buying small amounts then make sure your price quote reflects that.

*“If the Hundred House ring now and want something in half an hour, we'll be there.
And it will be what they want and it will be the same price as yesterday.”*

Keith Alderson, Butcher, Bridgnorth

If delivering is a problem try using www.ourlocalfood.co.uk – they will pick up and deliver to your customer.

■ What 'extra' might you be willing to offer a business?

Often suppliers are willing to assist in training their customers' staff by arranging visits to their location or arranging tastings of the product. Some may even give financial support to special promotions that are put on and others may offer to 'personalise' the product with the customers' business name. All these factors add to both sides achieving success.

Be open to suggestions from your customers. If you only see your point of view you could be losing out on business.

Beware: don't say "yes, I can do that" if you can't.

■ EXERCISE:

Identify your local customers. Consider the relationship you have with them. Identify any actions you could take to improve for the benefit of both sides.

Remember that a decision may not be made immediately. The business may be tied in with another supplier and the contract needs to be finished. Businesses may like the supplier they have – be patient – if that supplier lets them down one day, if they have your brochure, they may give you a call!

If the main promotion of your business is through word of mouth, remember your customers carry that reputation with them – make sure it is a positive relationship!

