

# HY824

Technology Edition  
Entering The  
Everything-Data Decade



**The Hotel Yearbook**  
Foresight and innovation in the global hotel industry



## Operations

# Do's and Don'ts in Hospitality Procurement



## Hospitality Procurement Do's & Don'ts to Stay Ahead, Boost Efficiency and Reduce Cost



**Frank Dierberger**  
CEO, FutureLog

The practice of sourcing and buying all the necessities required to run a hotel, restaurant or other venue, hospitality procurement includes everything from the sheets on the

beds to the fresh food in the kitchen. Procurement manages purchases, contracts and inventory, and effective procurement strategies are key to controlling costs and ensuring

smooth operations. While a good revenue strategy is also important, it is the meticulous execution of a robust procurement strategy that truly leaves a tangible impact on the profit and loss statement. Efficient procurement translates every dollar saved directly into improved financial health, a distinction not easily mirrored by revenue alone.

But procurement is not just about saving costs; it also contributes to upholding your brand's reputation, pleasing your customers, and keeping up with ever-changing market trends. Let's explore some of hospitality procurement's key do's and don'ts.

### ✓ Do's

Procurement in the hotel industry isn't just about buying what you need, but also about making practical and wise purchases. Let's break down the steps to winning at procurement.

#### 1 Mastering the Basics of Procurement

Firstly, you need a plan. This means knowing what you have, what you need, and when you need it. It also means doing your homework about market trends and prices to get the best value for money. Next, build solid relationships with suppliers. Communicate openly, work through problems together, and strive for solutions that benefit both parties.

### ✗ Don'ts

For hospitality procurement to truly succeed, knowing what to avoid doing is just as necessary as knowing the best practices. Here are some typical mistakes you should avoid.

#### 1 Depending Only On A Few Suppliers

Depending too much on just a few suppliers is risky. For instance, your supply chain might fail if a primary supplier runs into trouble, like a materials shortage or a natural disaster. It's critical to have connections to multiple suppliers to avoid risks and guarantee an uninterrupted supply of goods and services.

#### 2 Optimizing Supplier Relationships and Negotiations

In dealing with suppliers, aim for strong, long-lasting partnerships. Loyalty can lead to better prices, top-notch service, and access to useful insider tips. Remember to pay promptly, provide helpful input, and help them grow. A win-win approach turns suppliers into valuable business allies. Look for cost savings like volume discounts or bundled services, but never at the expense of quality. Cutting corners could hurt your brand and disappoint guests.

#### 3 Value Your Data

Data is a tool that can highlight areas for improvement and places to save money in your procurement process. Ensure you have the right tools and know-how to analyze this data to make the best decisions.

#### 4 Pay Attention to Risk Management & Legal Compliance

Be aware of potential risks involved in procurement, such as interruptions to the supply chain, issues with product quality, or your suppliers' financial stability. Have plans ready to counteract these risks. Additionally, ignoring Environmental, Social and Governance (ESG) factors has the potential to harm a hotel's reputation. Ensure compliance with labor laws and environmental regulations, check for sustainable practices, and keep carbon footprints in mind.

#### 5 Keep Automation At The Fore

While it's important that suppliers commit to delivering on time and meeting order specifications, it's also crucial that they embrace digitization and automation, e.g., sending electronic delivery notes, etc. The long-term benefits, such as saving time and improving efficiency, are much more valuable than short-term cost savings.

#### 2 Prioritizing Price Over Quality

Always remember that cutting costs should not compromise quality. Guests have high expectations, and to meet them, your goods and services must meet your brand's standards. If you cut corners to save money, you run the risk of disappointing your guests and harming your brand's reputation.

#### 3 Not Keeping an Eye On Market Trends

It's essential to keep track of market trends and price changes. If you don't regularly check for linen price changes, you might miss an opportunity to upgrade your bedding when prices are low. This could improve guest satisfaction and lead to better reviews and repeat business. Staying up-to-date on market trends prepares you to take action when the opportunity arises.

#### 4 Ignoring the Importance of Negotiating

Don't underestimate negotiation. It's more than bargaining for the lowest price. It's about finding solutions that benefit both parties involved. Good negotiators in hospitality understand their suppliers' needs and challenges. This leads to strong partnerships and can help improve business terms like payment conditions or getting priority service during busy times.

#### 5 Underestimating the Importance of Time and Planning

Neglecting adequate planning time pushes you into an emergency procurement situation where choices are very limited. In this crisis mode, your bargaining power diminishes significantly, rendering effective negotiation strategies nearly impossible. From an operational standpoint, the immediate necessity for products overrides careful selection, compelling you to accept whatever is available – a situation far from ideal. Strategically, expiring supplier contracts with no time for a comprehensive tendering process leave you



## 6 Relying on Manual Processes or Legacy Technology

Modern procurement strategies can only exist with technology, and procure-to-pay (P2P) technology streamlines operations and provides insights for improved efficiency and cost reduction.

Time is crucial in hospitality, and P2P technology helps automate routine tasks and provide real-time data. This enables quick decision-making and reduces manual errors. Paper-based systems have been replaced with digital ones for convenience. Analytics help track expenses, predict future costs and make informed purchase decisions.

P2P technology also fosters transparency and accountability, as all transactions can be traced and recorded. This minimizes fraud risks. These digital systems can quickly pinpoint discrepancies between orders and deliveries.

### Takeaways

The rules of procurement in the hospitality industry carry significant operational weight, and efficient strategies involve being proactive, innovative, and strategic. One of the most crucial 'do's' is implementing technologies such as procure-to-pay systems. These systems not only streamline procurement processes and digitize manual tasks but also empower you with real-time data and insights for improved efficiency and cost reduction. Your confidence in adapting to technological advancements can set you apart in the industry.

Mastering hospitality procurement's do's and don'ts can unlock significant value, potentially making the difference between meeting budget goals or surpassing them. By fostering strong relationships with suppliers, taking a proactive approach to risk and compliance, and intelligently using technology, you can streamline processes and yield substantial cost savings.

Prioritizing quality over price, paying attention to market trends, recognizing the importance of negotiation and avoiding reliance on a few suppliers will also help ensure



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## Mistakes in Procurement

Here are some real-world examples that show why procurement best practices matter.

Imagine a hotel that chose the lowest-priced food supplier without checking their reliability—the outcome was late and sometimes poor-quality deliveries. This caused guest complaints and even led to the hotel refunding some meals. In another case, a resort relied solely on one furniture supplier. When they halted production of a beloved furniture line, the resort had no choice but to spend heavily on interior redesign.

These real-world examples serve as stark reminders of the potential consequences of neglecting essential procurement steps. They clearly illustrate how taking shortcuts or not planning ahead can lead to significant financial losses and damage to one's reputation. This awareness can help avoid such pitfalls and ensure a more secure procurement process.

your procurement strategy aligns with your hospitality goals. Embracing these principles will set your brand apart with high standards of service, a stronger bottom line and smoother operations while meeting and exceeding your guests' expectations.

Remember, in procurement, the **way you do things** matters as much as **what you do**.



# FUTURELOG

## PROCURE-TO-PAY SOLUTIONS FOR THE HOSPITALITY INDUSTRY

### About Us

Designed by hoteliers for hoteliers, our comprehensive suite of market-leading procure-to-pay solutions brings automation, efficiency and simplicity to the P2P process. We have 25 years of experience in supporting customers to digitise their P2P tasks, saving them time and resources while ensuring cloud-based accessibility and secure, seamless connectivity.

“FutureLog has transformed the way we handle the ordering process across our entire group. Now we're fully automated, we have streamlined communication with our suppliers, it's so easy to use and it has saved our teams so much time and effort.”  
- Denis Karalić, ACHAT Hotels

- ✓ No capital expenditure required
- ✓ Multi-lingual expertise & follow-the-sun support
- ✓ Swift onboarding and implementation
- ✓ Easy integrations to POS and ERP platforms

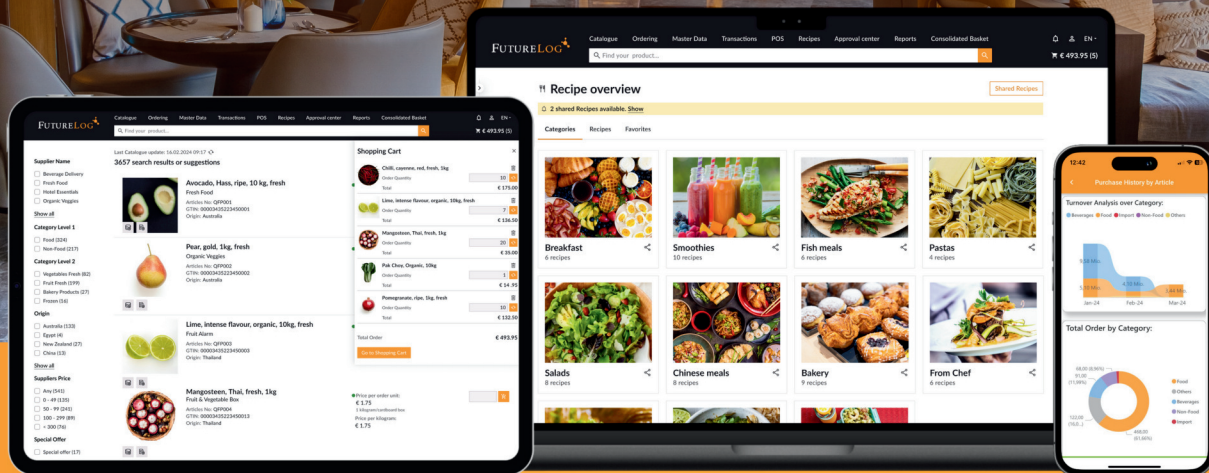
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-  **ORDERING**  
Simple, streamlined ordering with all supplier product ranges in one place.
-  **INVENTORY MANAGEMENT**  
Reliable, real-time stock overviews, master data handling and easy in-house transfers.
-  **RECIPE MANAGEMENT**  
Easy recipe and menu creation, POS connectivity, robust costings & reporting.
-  **CONTRACT MANAGEMENT**  
Secure, audit-compliant digital archive with automated notifications and easy retrieval.
-  **BUSINESS INTELLIGENCE**  
In-depth analytics, trend identification, rich visualisations & actionable insights.
-  **INVOICING**  
Centralised, AI-powered invoice processing with transparent approvals.
-  **CAPEX MANAGEMENT**  
Intuitive, efficient financial planning, with clear status overviews and activity logs.



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Hospitality Tech  
Industry Calendar  
2024-2025

**HITEC® 2024 Charlotte**  
Jun 24 – 27, 2024  
Charlotte Convention Center

**HSMAI Americas - Commercial  
Strategy Conference**  
Nov 25 – 26, 2024  
Charlotte Convention Center

**HITEC Technology Investment  
Conference**  
Jun 27 – 28, 2024  
Charlotte Convention Center

**2024 Hotel Data Conference**  
Aug 7 – 9, 2024  
Grand Hyatt Nashville

**Skift Global Forum 2024**  
Sep 17 – 19, 2024  
The Glasshouse, New York

**HEDNA Asia Distribution Conference**  
Sep 23 – 24, 2024  
Siam Kempinski Hotel Bangkok

**FHS World 2024**  
Sep 30 – Oct 2, 2024  
Madinat Jumeirah Conference &  
Events Centre

**HSMAI Asia - Digital Marketing  
Conference**  
Oct 10, 2024  
Phuket

**Hospitality Tech Expo**  
Oct 15 - Oct 16, 2024  
Excel London

**ITB Asia**  
Oct 23 – 25, 2024  
Marina Bay Sands Singapore

**The Hospitality Show 2024**  
Oct 28 – 30, 2024  
San Antonio, TX, United States

**Cvent CONNECT 2024 - Europe**  
Nov 5 – 7, 2024  
Hilton London Metropole

**International Hotel Technology Forum  
Asia 2024 (AHTF)**  
Nov 12 – 13, 2024  
Pan Pacific Singapore

**Hotel Technology Forum (HTF) 2024**  
Nov 18 – 20, 2024  
Rancho Palos Verdes

**The Phocuswright Conference**  
Nov 19 – 21, 2024  
JW Marriott Phoenix Desert Ridge  
Resort & Spa

**HSMAI Middle East - Commercial  
Strategy Conference**  
Nov 26 – 27, 2024  
Conrad Dubai

**HSMAI Europe Revenue Optimization  
Conference**  
16 Jan, 2025  
London

**HEDNA Global Distribution  
Conference: North America**  
Jan 27 – 29, 2025  
Catamaran Resort Hotel and Spa

**ITB Berlin 2025**  
Mar 4 – 6, 2025  
Messe Berlin

**International Hotel Technology Forum  
2025 (IHTF)**  
Mar 18 – 20, 2025  
Lisbon

**HITEC DUBAI**  
May 27 - May 29, 2025  
Dubai World Trade Center

**HITEC® 2025 Indiana**  
Jun 16 – 19, 2025  
Indiana Convention Center

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