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– Chapter 11 – Ordering, Receiving, and Storage

Previous chapters include technical information about selecting, receiving, and storing specific products. They also include details that can help pizzeria owners judge ingredient quality. This chapter describes the management aspects of ordering, receiving, and storing pizza ingredients, and gives pointers for how to improve purchasing effectiveness.

Lengths, weights, temperatures, and volume measurements are given in inches, pounds and ounces, degrees Fahrenheit, and quarts and cups (U.S. version). The following abbreviations are used: **lb** = pounds, **oz** = ounces, **F** = Fahrenheit, and **qt** = quarts. For conversion to other measurement systems, refer to the chapter on Measurements and Conversions.

Product Design

A pizza is a pizza is a pizza — right? Not so. Each style of pizza should be designed to produce a certain pizza-eating experience. Why? Because the main thing most pizza-eaters want from a pizzeria is a GREAT PIZZA-EATING EXPERIENCE — specifically, an experience that they

can't get anywhere else. Sure — friendliness, cleanliness, promotions, delivery, image, speed of service all play a part in customer satisfaction. But if your product doesn't provide a great pizza-eating experience — that is, if your product isn't both *better than* and *different than* your competition's — your business will never maximize its full potential. So your product is your main competitive weapon.

This means, before deciding what ingredients to use, a pizzeria owner or owner-to-be should determine what type of pizza s/he wants to sell, because the type of ingredients is determined by the type of pizza. Many considerations go into designing a pizza. For a discussion of those factors refer to:

- Development Questions section of the Dough-making chapter.
- Recipe Development Questions section of the Sauce chapter.
- Selection Considerations section of the Cheese chapter.

On-site Preparation vs. Ready-to-use

Part of determining the type of pizza you want to sell is deciding which ingredients to prepare on-site and which to buy ready-to-use. To assist with that decision, refer to the On-site Preparation vs. Ready-to-use chapter.

Brand Selection

Next you must select the brands that best achieve your product design objectives. Here's how to do it.

Comparative Testing

The chapters on Dough Ingredients, Dough-making, Sauce, Cheese, and Toppings describe in detail the quality factors for each type of product and explain how to compare brands by doing a baking test. Keep in mind that the highest priced brand might not be the best quality (but it could be) and that on-site preparation might not be better than buying ready-to-use (but it could be). To find out what brand is best for

achieving your product objectives, *get samples and test them*. Use the procedures described in the Baking Test parts of the Dough-making, Sauce, and Cheese chapters. In short, the best way to select brands is by *comparative testing* — that is, by side-by-side evaluation. The more you test, the more you will know about what brands best suit your style of pizza.

Price vs. Quality

Price is an important consideration. Possibly even more important, however, is product quality. *We suggest using the brands that will make the type of pizza that you will sell the most of*. If using a top-quality product will make your pizza a bigger seller, we suggest going with the better product and, to cover the cost difference between the top-quality product and lower-quality product, raise the price of your pizza enough to cover the per-pizza price difference between the two brands. Most pizza-eaters — especially the loyal ones — will readily pay a little more to get the kind of pizza they like most!

Frequently, however, the *per-pizza* price difference between top quality and mediocre quality products is not that great. A good example pertains to pizza sauce. There can be as much as \$3.00 per case difference in price between a high-quality and low-quality sauce. This may appear to be a large savings, especially if annualized. However, the best way to analyze price vs. quality of competing brands is on a *per-pizza basis*. Such an analysis can result in an eye-opening discovery.

Specifically, a case of pizza sauce yields about 40 lb or 640 oz of product. Assuming that the average pizza takes 5-1/3 oz of sauce, this means a case of sauce covers 120 pizzas ($640 \div 5\frac{1}{3} = 120$). So, what is the savings per pizza in going with the lower-quality sauce? It amounts to only 2-1/2 cents per pie ($\$3.00 \div 120 = 2\frac{1}{2}\text{¢}$). This raises a number of questions. Is it worth 2-1/2 cents to have less than the best sauce flavor on your pizza? If it's vitally important to increase your profit per pizza by 2-1/2 cents, wouldn't a wiser move be to raise the price by three cents rather than jeopardize the product's flavor? Finally, wouldn't any pizza-eater prefer to pay three cents more to get a pizza with the best possible flavor?

So when deciding whether to use a high-cost vs. low-cost ingredient, first determine whether the cost savings from using the low-cost

ingredient would result in a perceived quality reduction. If it would not, then perhaps you should go with the low-cost item. However, if it would result in a perceived quality loss, then ask yourself whether your customers would prefer to pay the difference in higher price to receive the better quality pizza. If they would, then the wisest decision is to sell the higher quality pizza at a slightly higher price — that is, at a price which recoups the difference in cost between the high-quality and low-quality ingredient. This strategy will likely maximize your long-term sales.

Price vs. Yield

Another factor to consider when evaluating brand prices is product yield. Cheese is a good example. Cheaper cheese may not be as cheap as first appears. In buying cheese many pizzerias focus on the price per pound of competing brands. However they would probably be better served to focus on the *cost per pizza*. Because cheese brands can bake up differently — with the higher quality cheese “covering better” and producing a better-looking, better-tasting pizza than a lower-quality cheese — a cheaper cheese often requires a 10 to 15 percent larger portion to produce the same appearance and flavor on a baked pizza.

A similar comparison can be made with high-priced versus low-priced meat products. Higher-priced products tend to have less fat and, therefore, less waste and shrinkage than lower-priced products. Also, when comparing the cost of meats and vegetables, compare the *cost after preparation* rather than as purchased.

In short, when deciding what brand to use, first compare baking-eating characteristics of equal portions of competing brands. Then adjust the portion amounts for equal appearance, flavor, and “coverage” on the baked product. Finally, compute the cost per serving based on the amount of product needed per pizza to produce the desired results. You might discover that the expensive brand is actually the economical one — or at least not as expensive as first appeared.

Supplier Selection

To an extent, brand and supplier selection go hand-in-hand because some brands can only be acquired from certain suppliers. However, for

most ingredients there are two or three top brands that are similar in quality. And most suppliers carry at least one of the brands.

In evaluating and selecting suppliers consider three factors: Quality, Service, and Price. How you rank these factors depends on your business objectives. Here's some things to consider.

QUALITY FACTOR

- Does the supplier carry top-quality brands? Does the supplier carry the brands I want?
- For perishable products such as cheese and toppings, is quality *consistent* from delivery-to-delivery? (Quality consistency is highly important. Without consistent quality ingredients, making a consistent quality pizza is impossible.)
- Does the supplier practice good storage and trucking practices (i.e., maintain proper refrigeration in coolers and on trucks, maintain clean facilities, etc.)?

SERVICE FACTOR

- Can I get delivery at convenient days and time? Do deliveries arrive as scheduled?
- Can I get an emergency delivery if needed?
- Are the salesperson, order-taker, and truck driver friendly and helpful?
- Is the billing dept. helpful? Are invoices accurate and easy-to-read?
- Can I easily return poor quality items for credit, without hassle?
- Does the supplier maintain adequate inventory so I'm not frequently "shorted" on my shipment?
- Does the supplier allow a reasonable length of time for payment?

PRICE FACTOR

- Are brand prices competitive with other suppliers'?
- Does the supplier readily adjust prices according to market conditions (or do prices tend to stay up even when market pricing is dropping)?
- Does the supplier try to maintain competitive pricing, or does he occasionally try to sneak an over-priced item passed me, hoping that I won't notice?