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## Click to Order

OS&E purchasing continues shift from print to online, streamlining the process

By ADAM PERKOWSKY

**T**echnology rules much of our lives. We wake up in the morning and slide the button on our smartphones to snooze the alarm—which likely plays a snippet of one of our favorite songs. We make our morning coffee with the latest, greatest one-cup coffeemakers. We then head to work in our cars equipped with GPS systems that gives us alternative routes due to traffic trouble spots. At some point, we check our email, the sports scores from the night before and the latest stock quotes. And these are just our morning activities.

Needless to say, technology is everywhere, and technological advances have made completing even the most difficult and time-consuming tasks easier and more efficient for every type of business. The hospitality industry is no exception and, when it comes to the distribution of operating supplies and equipment (OS&E), hotel owners and managers are finding that the companies they are dealing with for their products have upgraded their services via web interfaces in order to streamline the process. “The days of having salesmen visit your hotel once a week to do your order is way behind us,” said Jim Dina, principal and COO of Pyramid Hotel Group, which operates 57 properties across the U.S. and in the Caribbean, including The Wigwam in Phoenix and the Atlanta Marriott Buckhead Hotel & Conference Center.

Back in the day, the ordering process was done the old-fashioned way. “Previously, properties would receive a large catalog that they could page through to search for products,” said Chris Anderson, SVP, sales, marketing and brand development for Marcus Hotels & Resorts, which owns and/or operates 20 hotels, resorts and other properties, including the historic Pfister Hotel in Milwaukee; the Skirvin Hilton in Oklahoma City; and the newly opened Hotel Zamora in St. Pete Beach, FL. “Buyers simply waited on their product or took deliveries on predetermined days.”

For Chesapeake Hospitality—which operates the Hilton Wilmington Riverside in North Carolina and the Crowne Plaza Tampa Westshore in Florida, among other branded and independent properties—the ordering of supplies was a tedious process. “Prior to 2011, our purchasing process for F&B and operating supplies was completely manual. This meant our hotel GMs and other associates were spending a lot of time negotiating pricing with suppliers and manually placing orders for products,” said Steven McD. Smith, principal and SVP, Chesapeake Hospitality.

These days, it takes a web browser and a few keystrokes on the keyboard to find the right products. “Searching for the right product and seeing new items is a much easier process than previously. Properties can utilize online catalogs and search keywords, product numbers, categories, etc.,” said Anderson, whose company uses such firms as American Hotel Register,

Guest Supply, Edward Don, Avendra Replenishment, HD Supply and W.W. Grainger. “Additionally, ordering products has become more streamlined because of the use of web-based ordering platforms—properties can create order guides within the various distributor websites so they have a list of things they order frequently, which enables them to easily order their frequently used products. This is efficient in dealing with turnover of positions and it makes the ordering process quicker.”

Rather than dealing with specific distributors, both Chesapeake and Pyramid use procurement service companies—BuyEfficient in the case of the former, Avendra the latter—to help in the ordering process, which defers costs and makes things run smoothly.

“BuyEfficient’s purchasing system drives efficiencies in the purchasing process by making available the best value products at the best-in-industry pricing that meet our hotels specifications,” said Smith. “All of our hotel departmental budgets tied to the purchasing of F&B and OS&E are managed on the BuyEfficient purchasing system via a live online ‘checkbook’ and there is a seamless electronic approval process for ensuring the right purchase orders are placed within budgetary constraints.”

Dina said Pyramid’s experience with Avendra is similar. “Avendra does all negotiating to get the best pricing and we just search through vendors’ websites to order things with them, whether its U.S. Foods, Sysco, American Hotel Register, HD Supply, etc. We log on and order on a hotel basis,” he said.

The days of sales rep making trips to the properties or company headquarters to showcase new products and work with buyers when ordering the necessary products have all but been eliminated thanks to the extensive details presented on the distributors’ websites. “Technological advances have lessened the need for a sales representative to come in and present new products,” noted Anderson. “The myAvendra.com site and other websites of the distributors we utilize have advanced searching options, so buyers can identify products they need more easily. Once they have identified a product or category they are looking for, they then can go to their rep and tell them what they would like to see. These technological advances have made the buyers more knowledgeable; they can be more specific with their reps about what they are looking for and they can also search for products themselves.”

Smith has found that working with BuyEfficient’s purchasing system has enabled the ordering system to largely move in-house. “With our product distributors, their street reps and/or phone sales people are mostly no longer taking orders from the hotels. Rather most POs are placed through the electronic purchasing system with pre-negotiated supplier pricing and incentives and rebates to maximize costs savings,” he said. However, that hasn’t eliminated the need to work with supplier reps. “On the flip side, our distributor/supplier reps now have more time to learn about our hotel needs and work in

collaboration with the BuyEfficient account-management team on educating our hotel staff about best practices to potentially reduce costs further, while ensuring we are sourcing the best quality products available that meet hotel and/or corporate brand standards."

Dina noted that there are two distinct benefits to ordering via the Internet. "What's happened are a couple of things: Number one, it's certainly easier. You can see everything. You don't have to wait for salesmen to bring over catalogs, or the catalogs are no longer up to date or a product is no longer available. It's real, live, 'This is what we have today,' which I think makes it a lot simpler," he said. "And, it's faster. Before, you may have had to wait for a salesman or someone to return your phone call. Now you can do it at 10 p.m. if you wanted to. There are no limitations on time. You do it when it's convenient, you can do as much as you need, and pick it up later. I think convenience has certainly made the day. And if you set up your order correctly and know what you are supposed to get, it becomes a simple process."

The Internet and web-based applications have drastically changed the way properties and the customer service departments of the distribution companies interact. "There are online customer service chats with some distributors that make customer service issues more efficient," said Anderson. "Grainger provides a service now where we can take photos of parts and send over to them while on the phone to help assist and find the item in the system."

For Dina and Pyramid, the use of mobile devices hasn't taken off as quickly from an ownership/management standpoint as it has with the distribution companies themselves. "Right now, we are still a little bit more traditional, PC-driven. I do think that will change," the COO said. "From talking to the supply side, they are using more of those mobile apps and handheld devices. Now they are talking about—where things are. Are they in the warehouse? Where's the truck? Those kind of things." Tracking orders has also moved to mobile devices. "When you are expecting a linen delivery, you can find out where the linen is," Dina added. "Whereas, before, it would take 25 phone calls, call one guy who calls the dispatcher... They can go, 'Here's the order. Where is it? What truck?' Just like FedEx, you can track a package and find out where it is at any given time."

Anderson has found the tracking process has improved with the companies Marcus deals with. "The online platforms of American Hotel Register, Guest Supply and Edward Don have come a long way in tracking shipments, showing stocked products, showing shortages and displaying historical purchasing data," he said.

Sooner rather than later, every aspect of the ordering and delivering of operating supplies and equipment will be handled via computers, tablets and mobile devices. "In my experience, the hotel industry in general is a little bit slower behind the wave on technology," concluded Dina. "I think that the handheld and mobile devices will become more prevalent. You are going to see that in our industry as a whole. Today, we are just getting into mobile devices. People can check in [using them] and we're talking about [mobile devices as] keys. So I think our industry will move in that direction. As the Millennial demographic becomes more involved from an employment standpoint, adoption will be used more as our workforce changes. We are in that change now."



Marcus Hotels & Resorts, which owns and operates the Pfister Hotel in Milwaukee (left) and Skirvin Hilton in Oklahoma City (right), uses a number of distribution companies to supply its 20 properties.



Chesapeake Hospitality, which manages the Hilton Wilmington Riverside in North Carolina (left) and the Crowne Plaza Tampa Westshore in Florida (right), works with BuyEfficient and its contracted suppliers.



Pyramid Hotel Group, which operates 57 properties including The Wigwam in Phoenix (left) and Atlanta Marriott Buckhead Hotel & Conference Center (right), is an Avendra customer.