

Supplier Checks and Balances

It is never too early to begin planning! Now is a great time to start planning for the upcoming year, and a great way to do that is to ensure that you have appropriate checks and balances in place with your supply partners. Once you are comfortable that they are in place, then you and your supply partner can concentrate on building and moving the relationship forward through new menu offerings and finding ways to lower costs without affecting quality.

Over the next several months, I'll be concentrating my focus in these newsletters to showcase different aspects of building the checks and balances into your program. We'll be covering topics such as supplier contracts, supplier audits, what to do after the contract is in place and checking products in at the back door.

Let's start out with a relatively easy check point, but a very important one that can have a big impact on your bottom line. The first check point is making sure that the suppliers have Sales Tax Certificates in their system for your restaurants.

When applying for credit with your distributor (or as a follow up with them), don't forget to ask your supply representative to present a "Blanket Sales Tax Certificate" to sign. This signed form will ensure that your restaurant is not charged for sales tax on items deemed to be tax-exempt by your state. Make sure that they have one on hand for each location that you have opened. I'm aware that here in Texas, any paper & disposable items that would be used for "to go" sales are considered exempt (paper napkins, cutlery kits, paper & plastic cups, etc.), along with various other items. Check with your supplier, state controller's office or their website for a listing of tax-exempt items.

Having your checks and balances in order is key to a smooth operation. I hope you enjoy this series, and please reach out to me with any questions.

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