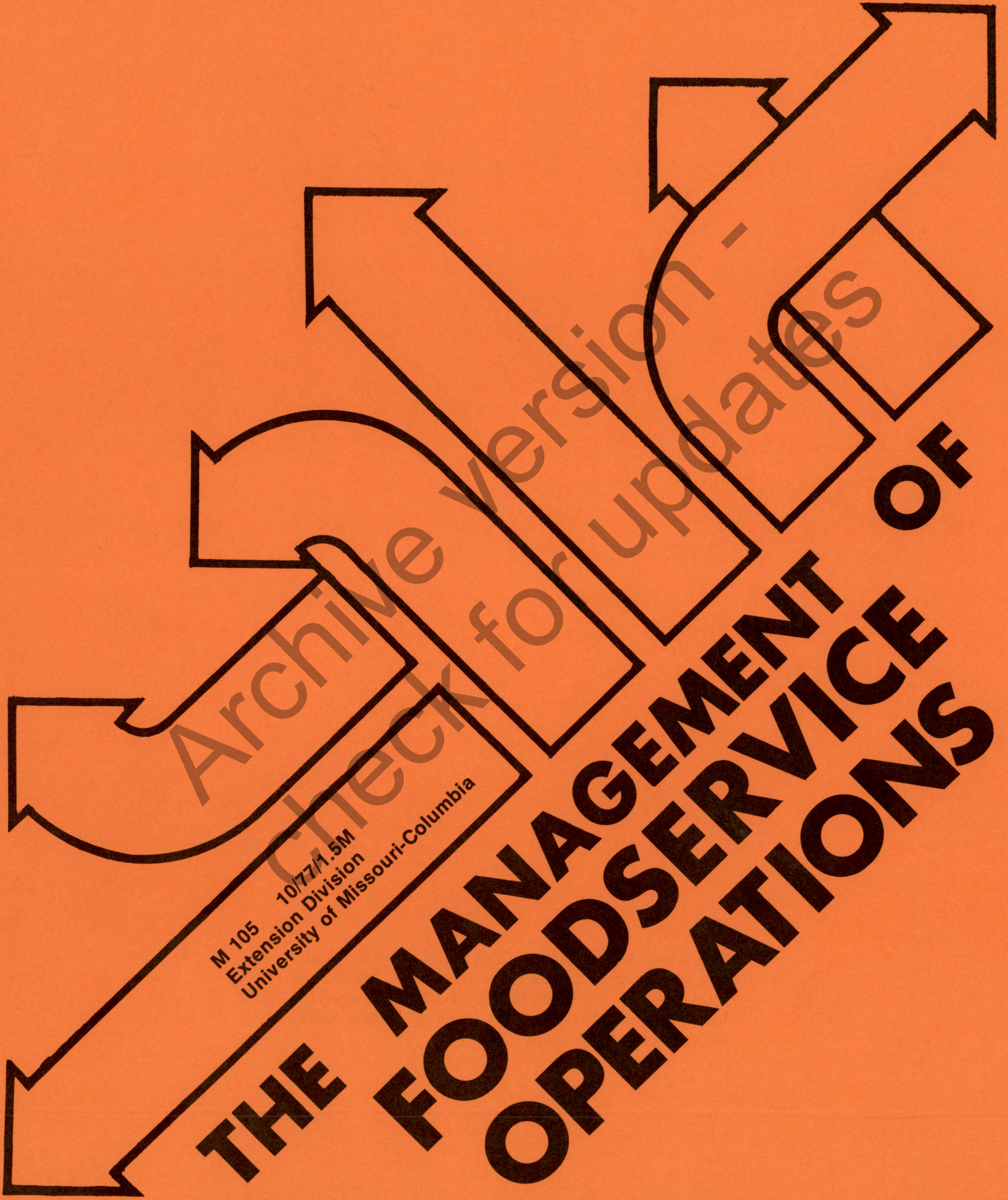


THE RECEIVING FUNCTION



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THE MANAGEMENT SERVICE OPERATIONS OF

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The Receiving Function

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Purpose

The purpose of this guide sheet is to suggest procedures that will be helpful to foodservice operators in supervising and controlling receiving practices.

In any foodservice establishment, continuous effort should be made to improve receiving practices. Too frequently operators are inclined to feel that receiving takes care of itself.

The procedures described in this manual are not presented as the only ways to resolve the many problems in receiving. All of the suggestions may not be applicable to all foodservice establishments.

They can, however, serve as a guide for improving the present receiving function in foodservice establishments. They should help the foodservice operator analyze his own operation and identify his problems.

Managing a foodservice establishment is no easy job today. Steadily rising costs, increased customer resistance to higher menu prices, and smaller profit margins are causing serious problems for many foodservice operators. To increase profit margins - to earn a fair return on investment - management must recognize the need to increase the efficiency of the purchasing, receiving, storing, production and service functions associated with the operation of a foodservice establishment.

Management has little control over the market cost of merchandise. There is really no logic for management to complain about rising food cost. Increasing costs are here to stay. Although management cannot control rising food costs on the open market, management *can exercise* control over the everyday operation of purchasing, receiving, storing, production, and service that are associated with the internal control of food costs.

All these functions are important to the profitability of a foodservice establishment. However, no one function is more important than the other. Each must operate smoothly if profits are to be maximized. Inefficiencies in one function, directly or indirectly, affect the efficiency of the other functions.

Importance of Receiving

The receiving of food is probably one of the weakest links in the flow of food through a foodservice establishment. All too often, the gains resulting from excellent purchasing procedures, carefully designed specifications, and competitive bidding are lost through poor receiving practices. Food cannot be profitably resold if it did not arrive, arrived short in weight, or arrived in poor condition. In too many foodservice establishments the function of receiving is a low priority activity and, generally this important activity is delegated to a non-production employee - usually a dishwasher - without proper supervision and follow-up. Receiving is important. The individual responsible for receiving should be intelligent, have enough knowledge about food products, and, of course, be concerned about management's interests.

It is not a good business practice to purchase \$500 worth of food and not see to it that it is checked in by the piece or by the pound. For some reason, foodservice operators do not equate \$500 worth of food with \$500 in cash. If the bank delivered \$500 in cash to the back door, how many foodservice operators would let the dishwasher put the money in the safe without checking it to the last penny? Not very many. On the other hand, how many foodservice operators let the dishwasher check in \$500 worth of food and then take the dishwasher's word that all that was ordered was received in good condition, at the right price, and according to management's specifications? Unfortunately too many.

Because of this laxity, many foodservice establishments suffer untold losses in hard earned dollars every year. "How come my food cost is too high?" is a question familiar to all foodservice operators. Well! maybe because part of it did not arrive, arrived short in weight, or arrived in poor condition, and because management is not concerned with proper supervision and final inspection of deliveries.

Receiving Procedures

How receiving is done varies a great deal among foodservice establishments. However, regardless of the size or scope of a foodservice establishment and management policies, there are certain procedures that should be followed by the individual responsible for the receiving function. These are:

- 1) **Get Ready for the Delivery** - Getting ready for the delivery is not too difficult, but very important. Generally, delivery men have a set routine. Barring unforeseen circumstances, they usually make deliveries at each establishment along their route at approximately the same time. Knowing what was ordered and from which purveyor makes it easier to be ready for deliveries and to have a qualified person available to check in the merchandise.

Storage space should be made available before the arrival of merchandise. Older merchandise should be set aside so that new merchandise can be stored behind, under or above older merchandise. A cardinal rule to follow is FIFO - first-in, first-out for all merchandise.

- 2) **Check the Merchandise Immediately** - Check all merchandise on arrival, preferably in front of the delivery man, to see whether merchandise conforms to the purchase order price, count and weight. Check perishable items first. All merchandise should be counted, weighed and marked.

Open cases that look damaged or discolored. Date all merchandise before storing. Dating will help insure first-in, first-out use.

Check the quality of produce by randomly selecting one or two samples from each carton and cut in half to check for juice content, rust, or taste. Do not remove all the samples from the same carton if more than one carton is delivered.

- 3) **Check Internal Temperature of Frozen Foods** - The internal product temperature of frozen food upon delivery should be 0°F (-17.8°C) or lower. The internal temperature should not exceed 10°F (-12.2°C). If frozen foods are received with an internal product temperature of 10°F (-12.2°C) they should be used immediately or returned if there is doubt about the quality of the products.

- 4) **Weigh Each Item Separately** - A scale weighs anything and everything placed on it. Excessive wrappings or ice give the merchandise added weight plus added cost.

It is not always practicable to unpack heavily-iced items at delivery to obtain the net weight. Items packed in ice should be weighed before preparation. However, all iced items should be unpacked at least once a week and checked for net weight.

- 5) **Weigh Meat Items Separately** - Never weigh meat orders together. Meat is the most costly of all food items received by a foodservice establishment. Weighing meats separately may make the difference between an acceptable food cost and one that is out of line. Ten pounds of hamburger substituted for ten pounds of tenderloin will affect the food cost percentage. All pieces of meat, fish and poultry must be weighed separately. Weighing and counting should be done as rapidly as possible.

- 6) **Tag Meats on Delivery** - This practice prevents disputes over weights with the supplier, the kitchen staff or the butcher. Tagging meats also reduces the chance of spoilage or excessive weight loss since the tag is dated.

Meat tagging can be cumbersome. Some say it is too involved for the benefits received from it. One advantage is that the receiving clerk has to make out a tag for each piece, box or package of meat, fish or poultry showing the date received, purveyor, cut, weight, cost per pound, total value and in some cases the date issued. See Example 1.

The tag is made of two duplicate parts sequentially numbered. When meat is received the receiving clerk fills out both parts. One part is sent to the office or the food cost controller. He

MEAT TAG	#12345
Date _____	
Purveyor _____	
Cut _____	
Weight _____	
Cost/lb. _____	
Total Value _____	
Date Issued _____	

MEAT TAG	#12345
Date _____	
Purveyor _____	
Cut _____	
Weight _____	
Cost/lb. _____	
Total Value _____	
Date Issued _____	

Example 1. Meat Tag.

attaches the other part to the piece of meat to be stored. When the piece of meat is issued to the kitchen, the tag attached to the meat is removed. The total dollar value of the tags issued for the day is used to determine the meat cost for the day.

The tags from the kitchen are then matched with the other halves in the office. For every unmatched tag in the office, there should be a corresponding tag attached to a piece of meat, fish or poultry in refrigerated storage.

- 7) **Check for Quality** - Checking for quality is often neglected by the person receiving food. It is important to see that the grade and quality of the merchandise agree with what is listed on the invoice. Federal grades and brand names are indicators of quality. However, there are grades within grades. On some occasions a lower grade may be sent in the hope that it will not be noticed.
- 8) **Store Items Promptly** - Check and store perishable items first. Exposure to high room temperature can mean quality loss or spoilage. The quicker all merchandise is checked and stored, the less chance it has of spoiling or becoming *mislaidd*.
- 9) **Record Items Received** - List all items received on the receiving clerk's daily report. The receiving clerk's daily report provides an accurate record of all food received, the date of delivery, the purveyor, quantity, weight and price. This information is important not only for paying bills but for determining food cost.
- 10) **Spot Checking** - Because of large orders received or other duties, the receiving clerk does not always have the time to make a complete check for quality. Under such circumstances, he should inspect merchandise for quality by selecting at random various samples. For example, if thirty cases of lettuce are received, the receiving clerk could inspect every fifth case for quality.

These procedures will help reduce the cost of handling, time in handling, the chance of spoilage, and possible theft.

Handling the Invoice

The invoice that comes with the merchandise does not give a complete picture of what is delivered. All merchandise should be verified for price, quantity and quality before the invoice is signed.

Prices must be checked for accuracy. The invoice or delivery ticket, once signed, is the purveyor's claim against the foodservice establishment for merchandise delivered and accepted. Mistakes can be made by one

or both parties. Therefore, prices and extensions must be checked carefully.

Quantity must be checked to determine if the proper weights or counts per pound, crate or lug ordered have been delivered.

Quality must be determined. What is the condition of the merchandise upon delivery? Does the merchandise meet the establishments specification according to grades, weight ranges, product size, drained weight, style of pack, type of cut and so forth.

Such careful checking is not a reflection on the integrity of the purveyor (it could be), but just good business practice on the part of management. When the daily receipts are deposited at the bank, the bank teller checks the deposit very carefully - not because the teller questions the integrity of the depositor, but because mistakes can be made by the depositor or the teller. Careful checking prevents or corrects such mistakes.

Regardless of the size of a foodservice operation, before anyone signs an invoice indicating the acceptance of merchandise - all items should be checked for *price*, *quantity* and *quality* to determine if the actual delivery matches the order.

How the invoice is handled varies from establishment to establishment. In many foodservice establishments, handling follows this general routine: After checking the merchandise, the receiving clerk, dates the invoice and sends it to the purchasing department, where it can be compared with the original purchase order. It then goes to the accounting department, where it is recorded and compared with the receiving clerk's daily report. It is then sent to the office together with a voucher for final payment.

Variations of this procedure also depend on the policies of management.

Methods of Receiving

There are three types of receiving methods in general use by foodservice establishments.

- 1) **Invoice Receiving** - This is used most frequently. The receiving clerk checks the items on the invoice against the purchase order or telephone order and notes any discrepancies.

Use of this method makes it easy for the receiving clerk to check quantity and quality to see if it meets the specifications of the foodservice establishment. Invoice receiving is a quick and economical method.

It may result in carelessness and indifference on the part of some receiving clerks. Since the receiving clerk has the invoice in front of him, he may be inclined to check from the invoice rather than comparing it with the purchase order or telephone order.

- 2) **Blind Check Receiving** - The clerk is given a blank invoice or purchase order listing the incoming merchandise. The quantities, weights, and prices are omitted. The purveyor's invoice is mailed to the office. If it is sent along with the merchandise, prices and quantities are omitted.

Blind receiving is the most accurate method of checking merchandise received. The clerk does not know the amount ordered and must check each item.

This method takes more time and costs more since it requires the clerk to prepare a complete record of all incoming merchandise. It is essential in blind receiving that purveyor's invoice does not accompany the merchandise.

- 3) **Partial Blind Receiving** - This is a combination of invoice receiving and blind receiving procedures. The receiving clerk is furnished itemized purchase orders or invoices with the quantities and prices omitted. When the merchandise is checked, the quantity and price of each item is recorded by the clerk in the space provided.

This method is more accurate than the invoice receiving but still requires more time. It is not as accurate as complete blind receiving, but faster and less costly. Once again, it is essential in partial blind receiving that quantities and prices are omitted.

Responsibility of Receiving

Almost every foodservice establishment has a person designated to receive and check incoming merchandise. In large foodservice establishments the receiving of merchandise maybe a full-time job under the supervision of the accounting or purchasing department.

In many foodservice establishments the receiving of merchandise does not require a full-time receiving clerk. Receiving may be done by the owner, manager, chef, cook, dishwasher or a combination of the preceding persons. In most cases, the chore is delegated to the dishwasher.

The person assigned the responsibility of receiving deliveries should be part of the management team. In a small organization, this person should hold a position no lower than chef or head cook in the establishment. The chef or head cook should know enough about the quality of food used in the establishment. A non-production type of employee should not check and approve merchandise delivered unless fully versed in product quality and the specifications of the establishment.

If receiving is done by a dishwasher or potwasher, the receiving should be done under the supervision of a member of the management team. It is management's responsibility to see what was ordered was received at the right price, quantity and quality.

Facilities and Equipment

Receiving Area

Ideally the receiving area should be located as close to the dry and refrigerated storage area as possible to reduce food handling to a minimum. The receiving area should have adequate space, lighting and equipment so that the movement of food takes a minimum time and effort.

Sufficient space should be provided so that deliveries do not back up causing bottlenecks. There is no definite rule for the required amount of space needed in the receiving areas. The amount of space will vary depending on the frequency of deliveries and the size of the deliveries. Each establishment should determine the space area needed for efficient handling of incoming deliveries.

As a general rule, sufficient space should be provided to:

- Accommodate the receiving equipment
- Prevent orders from backing up and disrupting normal operations
- Facilitate the smooth movement of merchandise on trucks

Equipment

To do an efficient job of receiving, certain equipment is needed by the person responsible for receiving. Since most foods are purchased by weight, a set of accurate scales is essential. Both platform and counter scales should be available in the receiving area. While a table scale may not be too important, a platform scale is an absolute must.

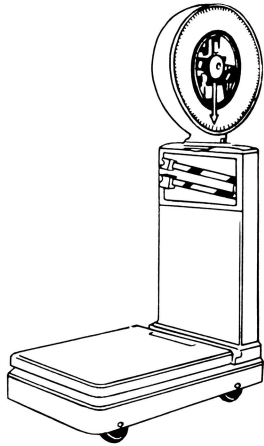
Types of Receiving Scales

There are various types of scales available and the "best scale" for any foodservice establishment depends upon the needs of the establishment. Platform scales built into the floor are very expensive, but this feature saves time and expedites the handling of deliveries. See Example 2.

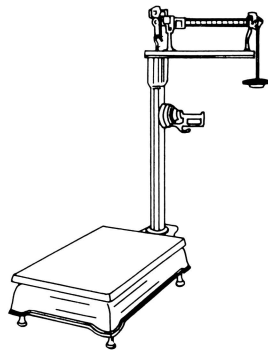
Automatic Indicating Scale - This type of scale indicates an accurate zero when in balance. It is springless and has a glass-enclosed dial face. Weights are recorded immediately on the dial face in view of all concerned.

Recording Scale - This type of scale stamps the weight of the merchandise on the invoice or delivery ticket. This feature saves time and avoids disputes in case of shortages.

Beam-type Scale - Is a satisfactory weighing device when used by a competent person. While less expensive than the above scales, it frequently becomes out of balance to the extent of two or three pounds without anyone knowing it. In most food-



—Floor model automatic indicating-type scales.



—Floor model beam-type scales.

Example 2. Two types of floor scales.

service establishments a portable beam-type scale should be sufficient.

Scale size is dependent upon quantities delivered. Generally a 400 pound scale is the minimum with one-quarter to one-half ounce gradations. A tare beam to compensate for container weight is useful in determining net weight.

Table Scales - At least one table scale of 50 pounds should be provided. This type of scale is useful for weighing small cartons or lugs of produce. Gradations should be one-quarter to an ounce at a minimum.

Keep in mind that a scale is only a tool for measuring weights. It needs to be in balance and handled properly if it is to record correct weights. Also, if a scale is a lot of trouble to use, that is, requiring the addition and removal of weights such as a beam-type scale, during rush periods incoming merchandise might not likely be checked for weight.

Scales should be tested periodically to check their accuracy. *Accurate scales are a must.*

Other Equipment Needed

Several other pieces of equipment are needed in the receiving area if the receiving clerk is to do a good job of receiving.

Desk - A desk, preferably a stand-up desk with good lighting, is needed for checking packing slips, invoices and similar papers.

Table - A table is needed for sorting and counting merchandise before it is transferred to the storeroom.

The table should be heavy duty and so constructed that it can be easily sanitized.

Trucks - A two-wheel or a four-wheel platform truck is useful in moving merchandise from the dock to the receiving area to the storeroom. A four-wheeled platform truck can accommodate about three or four times as much weight and bulk as a two-wheel hand truck. If heavy round containers are frequently used, a two-wheel hand truck with curved braces is needed.

Thermometer - A thermometer is a very important piece of equipment. It is used to determine if the proper temperature of frozen foods and other chilled products have been maintained by the purveyor from storage to delivery.

A bimetallic, all-metal type thermometer should be used. *A mercury or fluid column type thermometer should not be used.* Temperature readings should range from -30° F to +125° F (-34.4° to 52.° C). Thermometers should be of high quality and easy to read. They should be accurate within $\pm 2^\circ$ F ($\pm 1.1^\circ$ C). A simple test for accuracy can be done in a bath of melting ice. Insert the thermometer in the bath of melting ice. After five minutes the temperature should read 32° C (-0° C).

Ruler - Cuts of meats are often purchased with length and width specified. A ruler is necessary to check the dimensions.

Refractometer - A refractometer measures the amount of sugar in syrup products such as canned fruits. It also measures total solids in juices and tomato products. It can also be used to determine the purity of fats and oils.

Prices of tomato products such as juices, sauces and purées are based on solid contents which is also a quality factor in grading. Syrup density is not a grading factor. However, as a general rule, the syrup with the greatest amount of sugar is used for the best grades.

For example, apricots packed in Extra Heavy Syrup will be packed in a syrup density that ranges from 25°-40° (BRIX). Each degree of BRIX may be estimated to have 1% sugar content. The more sugar the higher the price.

Fat Analyzer - A fat analyzer determines the amount of fat in ground beef. If large amounts of ground beef are purchased, a fat analyzer may be a good investment. Fat analyzers are manufactured to analyze ground beef samples containing 10 to 40% fat. Results are within $\pm 1\%$ when operated according to manufacturer's directions.

Checking the syrup density, solid contents, purity of fats and oils and fat content of hamburger can be done after delivery. Samples can be set aside and analyzed after all merchandise has been checked in and stored properly.

Establish Receiving Specifications

Detailed receiving specifications should be prepared for all merchandise received by a foodservice establishment. These specifications must be the same as the specifications set up for purchasing. A statement such as - "tomatoes, fresh, 30 pounds to the lug, 75 tomatoes to the lug" - will immediately tell the receiving clerk what the tomatoes should weigh and the expected number of tomatoes in the lug.

This knowledge will help him do a good job of checking merchandise received.

Average Weight Charts

Charts showing the average weights of all merchandise usually received by the foodservice establishment should be prepared. The use of these charts prevents the loss that sometimes results, for example, from the occasional case of eggs that may be one or two layers short.

The person in charge of receiving should have access to the specifications and weight charts so he can refer to them easily. Probably the most convenient place to post these charts is near the scale.

Receiving Record

Recording all incoming deliveries is as important as checking for quantity and quality. The form or style of recording is of secondary importance and may be designed to suit the needs of the foodservice establishment. The fact that an accurate record is made of all incoming deliveries is important. Too often the receiving record is considered by both management and receiving personnel as a copy-book for posting food bills. A receiving record is not a copy-book.

Purpose of Receiving Records

The purpose and function of a receiving record is to record all incoming food deliveries. Each delivery should be accurately recorded for date of delivery, quantity, price, and amount of each item received. If this is done properly, the receiving record becomes a useful tool for management to study and compare the day-to-day purchases. This is necessary if food cost is figured on a daily basis.

The record of merchandise received should be in a form suitable for checking against the purveyor's invoice. It is usually in the form of a receiving clerk's daily report. The receiving record in wide use by hotels and foodservice establishments of medium size is shown in Example 3. It shows:

- Date of receipts
- Invoice or purchase order number
- Purveyor's name
- Description of merchandise
- Quantity received
- Unit in which merchandise came

- Unit price
- Total amount of extension
- Distribution of deliveries

The number of copies of each receiving report to be made up and distributed depends on the practices or policies established by management but at least two copies of the receiving clerk's daily report should be made. One copy goes to the office for verification. The other copy remains in the receiving clerk's file.

Receiving forms may be purchased, or they can be designed by the foodservice establishment. The simple receiving sheet illustrated in Example 4 shows invoice number, from whom purchased, unit, amount, article, unit price, total amount, and where stored. This can be mimeographed on a sheet of paper 8½ x 11 inches.

Distribution of Deliveries

Deliveries are divided into two main categories: (1) food direct, and (2) food stores.

Purchases that are sent to the storeroom (including the meat and produce box) for further storage are classified as Food Stores on the receiving sheet and become part of storeroom control.

Purchases which are sent directly to the kitchen for use the same day or the next are classified as Food Direct and become part of the daily food cost.

If the receiving record is used as a consolidation of each day's purchases, the total amount column must equal the amount of all invoices for the day plus the total of the food direct column and the food stores column.

Pricing Merchandise

Before distribution of the merchandise, some establishments mark every can, bottle or carton with the unit price and date received. This practice facilitates taking inventory and insures first-in, first-out use. However, many foodservice operators believe that this practice makes employees more cost conscious. Some say this belief is unfounded.

Purchase Invoice Stamp

In larger foodservice establishments an invoice stamp is used on all incoming invoices. The receiving clerk stamps and dates the invoice. He also signs or initials his name on the line "Quantity O.K." This shows the correct amount has been received. The invoice is then routed to purchasing for approval of prices. The invoice goes next to accounting, where the invoice is compared with the receiving clerk's daily report. The invoice is then approved for final payment.

A purchase invoice stamp may be designed to suit the needs of the establishment. Purchase invoice stamps which are widely used in the foodservice industry are shown in Example 5. Using invoice

NO. _____

RECEIVING CLERK'S DAILY REPORT

DATE _____

QUAN.	UNIT	DESCRIPTION	V	UNIT PRICE	AMOUNT	TOTAL AMOUNT	PURCHASE JOURNAL DISTRIBUTION		
							FOOD DIRECT	FOOD STORES	SUNDRIES

SIGNATURE

Example 3. Receiving Clerk's Daily Report.

stamps insure that all initial steps in receiving have been followed.

Returning Unsatisfactory Merchandise

If there are shortages in the quantity of the merchandise received, or if the quality does not conform to specifications, a credit memorandum must be made out in duplicate and sent to the office. See Example 6. One copy must be sent to the supplier. All correspondence concerning adjustment by the supplier should be handled by the purchasing department or the manager.

If a credit memorandum is made out because of unsatisfactory merchandise, the following setps should be followed:

1. Make out credit memorandum
2. Note on invoice the reason for returning the merchandise
3. Have purveyor's driver sign memorandum
4. Return the merchandise with the driver
5. Notify the manager so that the menu may be

changed if necessary
Generally, in smaller establishments credit adjustments are made over the phone or when the purveyor's salesman makes his weekly stop. Regardless of how the adjustment is made, the purveyor should issue a credit invoice.

Periodic Receiving Tests

Safeguards are needed to keep effective the controls established by management. Personnel have a tendency to become lax in their duties if they are not periodically checked.

Periodic receiving tests made at frequent intervals, but in no fixed pattern of time, will help reduce indifference or carelessness of receiving personnel.

The manager or assistant manager should verify receiving procedures at least once a week.

Keys to Good Receiving

Basic requirements for receiving procedures to

RECEIVING CLERK'S DAILY REPORT

Invoice No.	From Whom Purchased	Unit	Amt.	Article	Unit Price	Total Amt.	Food Direct	Food Stores
				Total Food Received				

Signature _____

Example 4. Receiving Clerk's Daily Report.

Order No. _____	Rec'g No. _____
Date Rec'd _____	
Quantity O.K. _____	
Quality & Price O.K. _____	
Ext. & Footing O.K. _____	
Entered _____	
O.K. for Payment _____	

DATE REC'D _____
QUANTITY O.K. _____
PRICES O.K. _____
EXTENSIONS O.K. _____
APPROVED BY _____

Example 5. Purchase Invoice Stamps.

CREDIT MEMORANDUM

Date _____

Purveyor _____

Please issue a credit invoice for the following

Quantity		Item	Unit Cost	Total

Reason _____

Signature of Delivery Driver _____

Example 6. Credit Memorandum

insure maximum control are as follows:

- Have adequate equipment and a convenient place for unloading and checking deliveries
- Assign responsibility of receiving to a competent person
- Check receiving procedures frequently - at least once a week
- Post specifications and average weight charts for easy reference
- Have receiving clerk call his superior whenever he is in doubt about the quality of an item
- Record all incoming deliveries for price, weight, count, and quality
- Price all items before storing
- Keep complete and accurate records - analyze daily

- Make receiving records in duplicate
- Make sure scales are accurate—Test them frequently
- Weigh all items separately—Tag meats on delivery
- Double-check damaged containers and cartons
- Check perishables for appearance and irregularities
- Store all items promptly

Finally:

- Make sure that you receive what you ordered - right quantity, the right quality, in good condition, and at the correct price.

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