How much your company spends to do business, and how often, plays an important role in your overall success. Transforming cash into goods and services, the *purchasing cycle* is at the core of procurement and can have a major impact on your productivity, competitiveness, and profitability.

Understanding your company’s purchasing cycle is the first step toward optimizing it. With the help of technology and process improvements, you can ensure your purchasing department is building value for your company while reducing costs due to wasted time, energy, and resources.

**What is the Purchasing Cycle?**

The purchasing cycle—also called the *procurement cycle* or *procure-to-pay* (P2P)—is the [process](https://planergy.com/blog/purchase-order-process/) by which you order, obtain, and pay for the goods and services your business needs.

For companies of all sizes, from local small businesses to global megacorps, the purchasing cycle begins with needs analysis and ends with payment and record keeping. In between, they may generate a purchase order, pay for goods directly, or invite tenders (also known as bids) to encourage more aggressive and price-effective competition between suppliers wishing to fulfill a specific need.

**The Purchasing Cycle, Step By Step**

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1. **Needs Analysis**

This stage of the purchase cycle is dedicated to identifying the need to be met, whether it’s a reorder, raw materials for a new product produced by the company, or office supplies.

1. **Needs Clarification**

Once the need’s been identified, the variety (e.g., brand), amount required, and delivery schedule need to be established.

1. **Purchase Requisition and/or Purchase Order**

With the details settled, the requesting party has a couple of options. Generally, those without the authority to approve direct purchase orders will first create and submit a *purchase requisition*, which is an internal document requesting that approved parties obtain goods and services. Upon approval, the purchase requisition is used to create a *purchase order*, which is the actual order sent to the supplier for the goods and services required.

1. **Authorization**

The purchase order (generated from a purchase requisition or not) must also be approved. The purchase order process benefits from automation and artificial intelligence (AI), usually through the use of [purchase order software](https://planergy.com/procurement-solutions/purchase-order-software/) that’s part of a comprehensive procurement software package.

Not only does automation permit role assignments and automatic routing and tracking of all purchase orders and approvals/rejections/revisions, but it allows for real-time adjustments and transparent communication between all parties involved. In addition, automatic reminders can be created to ensure no PR or PO is left to languish.

1. **Supplier Review**

If you’ve already integrated an automated [procurement](https://planergy.com/blog/procurement-and-strategic-sourcing/) solution into your workflow, chances are the list of approved and available suppliers will obviate this step in the process—especially for repeat orders. But if you’re adding new products, or new suppliers for existing products to the system, then each candidate must be reviewed for compliance, performance, and reliability.

1. **Supplier Selection**

At this stage, the purchaser chooses the supplier who’ll be filling the order, either from the pre-vetted list in their software catalog or through other means.

1. **Price and Term Negotiations**

This step is also made infinitely easier if your workflow is built around procurement software automation. Centralized contract and document management and information sharing means previously-negotiated contract terms and best price are already available for each vendor on the approved list. New vendors being added to the system will have this information added as your legal team completes and certifies your company’s agreement(s) with the vendor.

If your company doesn’t use automation, then your team will need to sit down with the vendor to negotiate payment terms and conditions.

1. **Order Placement**

At this point, the buyer officially places the order and creates a binding purchase agreement between your business and the vendor.

1. **Receiving and Inspection**

For material goods, arriving shipments are inspected for completeness and integrity, with any shortages and broken goods marked to be credited back to the buyer. The invoice is either included with the goods or sent separately by the vendor.

Inventory management is either manually updated or handled automatically by the procurement software, which links the shipping documentation to the original purchase order, invoice, related correspondence, and other documents for data analysis and auditing purposes.

1. **Payment**

The invoice is reviewed for accuracy against the purchase order, invoice, and other documentation. Depending on the terms established for the supplier and the approval of the reviewing party, payment is issued (usually within 30, 60, or 90 days).

1. **Records Management**

Businesses still using manual systems follow up by updating their inventory totals and purchasing ledger. Purchasing software automates this step, as documents are cross-connected and update automatically across all departments.

**STORAGE AND CONTROL**

<https://youtu.be/UItRmLSIqDg?si=roHLQPMn9tuYf8lq>

Food poisoning is frequently caused by bacteria from foods that have been incorrectly stored, prepared, handled or [cooked](https://www.betterhealth.vic.gov.au/health/healthyliving/food-safety-when-cooking). Food contaminated with food poisoning bacteria may look, smell and taste normal. If food is not stored properly, the bacteria in it can multiply to dangerous levels.

**Beware of the temperature danger zone**

Food poisoning bacteria grow and multiply fastest in the temperature danger zone between 5 °C and 60 °C. It is important to keep high-risk food out of this temperature zone.

**Take special care with high-risk foods**

Food poisoning bacteria can grow and multiply on some types of food more easily than others. High-risk foods include:

* raw and cooked [meat](https://www.betterhealth.vic.gov.au/health/healthyliving/Meat-and-poultry) - such as chicken and minced meat, and foods containing them, such as casseroles, curries and lasagne
* [dairy products](https://www.betterhealth.vic.gov.au/health/healthyliving/Dairy-and-dairy-alternatives) - such as custard and dairy-based desserts like custard tarts and cheesecake
* [eggs](https://www.betterhealth.vic.gov.au/health/healthyliving/food-safety-eggs) and egg products - such as mousse
* smallgoods - such as ham and salami
* seafood - such as seafood salad, patties, fish balls, stews containing seafood and fish stock
* cooked rice and pasta
* prepared salads - such as coleslaws, pasta salads and rice salads
* prepared fruit salads
* ready-to-eat foods - such as sandwiches, rolls, and pizzas that contain any of the food above.

Food that comes in packages, cans and jars can become high-risk foods once opened, and should be handled and stored correctly.

**Storing food in the fridge**

Your fridge temperature should be at 5 °C or below. The freezer temperature should be below -15 °C. Use a thermometer to check the temperature in your fridge.

**Freezing food safely**

When [shopping](https://www.betterhealth.vic.gov.au/health/healthyliving/food-safety-when-shopping), buy chilled and frozen foods at the end of your trip and take them home to store as quickly as possible. On hot days or for trips longer than 30 minutes, try to take an insulated cooler bag or ice pack to keep frozen foods cold. Keep hot and cold foods separate while you take them home.

When you arrive home, put chilled and frozen foods into the fridge or freezer immediately. Make sure foods stored in the freezer are frozen hard.

**Storing cooked food safely**

When you have cooked food and want to cool it:

* Put hot food into shallow dishes or separate into smaller portions to help cool the food as quickly as possible.
* Don't put very hot food into the refrigerator. Wait until steam has stopped rising from the food before putting it in the fridge.

**Avoid refreezing thawed food**

Food poisoning bacteria can grow in frozen food while it is thawing, so avoid thawing frozen food in the temperature danger zone. Keep defrosted food in the fridge until it is ready to be cooked. If using a microwave oven to defrost food, cook it immediately after defrosting.

As a general rule, avoid refreezing thawed food. Food that is frozen a second time is likely to have higher levels of food poisoning bacteria. The risk depends on the condition of the food when frozen, and how the food is handled between thawing and refreezing. Raw food should never be refrozen once thawed.

**Store raw food separately from cooked food**

Raw food and cooked food should be stored separately in the fridge. Bacteria from raw food can contaminate cold cooked food, and the bacteria can multiply to dangerous levels if the food is not cooked thoroughly again.

Always store raw food in sealed or covered containers at the bottom of the fridge. Keep raw foods below cooked foods, to avoid liquid such as meat juices dripping down and contaminating the cooked food.

**Choose strong, non-toxic food storage containers**

Make sure your food storage containers are clean and in good condition, and only use them for storing food. Cover them with tight-fitting lids, foil or plastic film to minimise potential contamination. Transfer the contents of opened cans into suitable containers.

**If in doubt, throw it out!**

Throw out high-risk food left in the temperature danger zone for more than 4 hours - don't put it in the fridge and don't keep it for later. Check the [use-by dates](https://www.betterhealth.vic.gov.au/health/healthyliving/food-use-by-and-best-before-dates) on food products and discard out-of-date food. If you are uncertain of the use-by date, throw it out.

**PORTION CONTROL**

Portion control is the establishment of standard sized portions for all your menu items and then following those standards in the preparation ad serving of meals. As an example, if you offer spaghetti and meatballs as a dish on your menu, the portion may be 1-1/2 cups of cooked spaghetti, two meatballs at 2 ounces each and ¾ cup of marinara sauce. This is a generous portion but it is quite common in many restaurants. With the ingredient quantities measured for an individual serving, you can now easily calculate the amount of each ingredient needed to prepare 500 servings. Shopping and budgeting are now easier with the guess work removed, as is planning your menu. Portion control is the next step in the process because without it, all your planning measuring will be wasted.

Portion control is the process of serving the menu items in the planned portion sizes. Portion control is not limiting the amount of food being served to measure calories, as we noted, this is a generous portion size, one any restaurant patron would find satisfying. Portion control for foodservice is about planning the size for all your menu options and then accurately serving the specified portion every time that menu item is prepared. For this example, it translates to making sure that each meatball is 2 ounces, and each serving of pasta is 1-1/2 cups with ¾ cup of sauce. Without portion control, you will run into several problems:

Inconsistent Portions – One of the reasons people like to visit chain restaurants when they travel is that they know that they will get the same meal in Cheyenne, WY as they would in Newark, NJ if they are going to the same restaurant. Consistency is important when you are delivering on a promised standard. For the independent restaurant, consistent portions are important so that when your customer comes in to order their favorite dish, it is the same every time. It would be disappointing to get one meatball with your spaghetti when the reason it was your favorite was that it came with three meatballs. To add insult to injury, imagine if you looked at the next table, or even at your dinning companion, and they had three meatballs.

Too Much or Too Little Food – If you know that you have averaged serving 500 plates of spaghetti on Tuesday for the last three months, then you will buy prepare ingredients for 500 portions. This week you have a different chef than you usually do and they are a little heavy handed so that everyone gets about 10% more than the standard serving. At the end of the night there will be 49 to 50 customers who go without their favorite meal. Additionally, you won’t collect the ticket for those meals. If your chef serves less than the standard portion, it is likely you will be throwing out some of your meals.

**What are the best tools in the kitchen to keep your portion sizes consistent?**
[Portion Scales](https://www.cooksdirect.com/kitchen-supplies-kitchen-scales) – Portion scales can be used with all types of dry ingredients, meats, breads even pastas. There are a wide variety of scales available but the digital scales are the easiest for measuring small quantities accurately.

[Portion Utensils](https://www.cooksdirect.com/kitchen-supplies-kitchen-prep-utensils?sub-category=portion-utensils) – from dishers to spoodles, portion utensils are designed to serve a certain amount of a menu item. A 2 oz. portion of eggs can be dished out with a 2 oz portion server. For sticky items, like mashed potatoes, a disher can be used like the 6 oz. exact capacity Rite-Size Disher.

[Batter Dispensers](https://www.cooksdirect.com/kitchen-supplies-kitchen-prep-utensils?sub-category=pancake-dispensers) – These are great tools for portioning out any types of batter, from muffins to pancakes. They work well with any viscous liquid.

There are a wide variety of tools available to ensure that you can control portion sizes and provide consistent servings with every meal. Other examples include Laddles, scoops, baking tins, standard size spoons, cups, glasses, bar jigers, tots, etc