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DINING

Teaming up gives restaurants an edge

The Houston Dining Alliance helps eateries compete by keeping supplier prices affordable

By Purva Patel

HC They may compete for diners, but more than 200 independent Houston restaurants have banded together to negotiate lower bills from their suppliers.

The restaurants, looking to level the playing field with the likes of Landry's and Chuy's, have joined the Houston Dining Alliance, part of a larger national group of restaurants that began in Rochester, N.Y., in 1998 and is now in more than a dozen cities across the country.

Together they are leveraging their buying power for better deals on everything from napkins and printing to avocados and barbecue sauce.

Austin Yates, owner of Texas Mesquite Grill in Katy, said he was skeptical the organization would follow through when he joined a year ago, but he's received stable prices on items such as sauces and charcoal.

"I don't have to double-check invoices all the time," he said. "Everyone promises prices will be lower, but once you get hooked the prices go back up. Here, the prices don't fluctuate."

He says he's saved about 10 percent on costs by joining the alliance, savings he couldn't get on his own as an independent restaurant.

While restaurants save money and time on shopping around, vendors get to vie for bigger and longer-term contracts, said Bob Henderson, the Houston's Dining Alliance member consultant.

"Most restaurants think it's too good to be true," Henderson



Brett Coomer / Houston Chronicle

Cinda Palacios said that her restaurant, Armandos, has seen costs drop 5 percent since joining the Houston Dining Alliance. "Even if I have a problem, our rep takes care of it. It's like having an in-house CFO looking at my purchase orders."

said. "We give them reduced prices and we collect rebates and send quarterly checks to our members."

Among its more than 200 local members are Armandos, Texas Mesquite Grill, Azuma Group, Starta Restaurants and chef Monica Pope.

Members join for free and the Dining Alliance makes its money from distributors and manufacturers who pay the alliance a percentage of deals it brokers. To join a specific program, such as for seafood or produce, restaurants may have to meet minimum volume requirements, Henderson said.

While group-purchasing

organizations have been around for years, they usually involve a dozen or so restaurants banding together and working out the details, Henderson said. The alliance allows restaurants to outsource the negotiation and auditing.

Though buying groups can save costs on commodities, they can also be limiting if a restaurant is particular about suppliers, said Michael Shine, who owns interests in local restaurants and is president of the Texas Food Group, a Houston-based restaurant consulting firm.

For instance, he said, he may want shrimp from a specific

local fisherman but the buying group may have secured a deal with specific vendor whose shrimp he doesn't want, said Shine, who says he doesn't foresee himself ever joining such a group.

"In my experience there are certain buying requirements," he said. "They may be offering an opportunity for something I don't want. There aren't always options to buy fresh or local."

Cinda Palacios, owner of Tex-Mex restaurant Armandos, said she made sure her chef was on board before joining the alliance a year ago.

"I didn't want our chef having to go through having

to make hard decisions on substituting products, and as it turns out everything we were used to using they had or the new vendor brought them in for us specifically."

After joining the alliance, some of her former suppliers came knocking.

"They came to my door guaranteeing they would match whatever Dining Alliance had worked out," she said, noting that her savings average about 2 percent a month on food costs. "I said, 'It's too late.' I was the ugly girl at the dance and no one wanted to ask me to dance."

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