

Boston restaurants work together to save money

By Kathleen Pierce | GLOBE CORRESPONDENT JULY 28, 2012



KAYANA SZYMCZAK FOR THE BOSTON GLOBE

Davio's executive chef Eric Swartz stocked the restaurant's the walk-in cooler with produce bought from the Dining Alliance.

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They compete for customers in their dining rooms, but behind the scenes, scores of Boston restaurateurs are joining forces to leverage their purchasing power and save money on everything from pork to pignoli.

Heavy hitters such as Barbara Lynch, Steve DiFillippo, and Chris Damian are among the 600 independent New England restaurant owners who participate in a group-buying organization called the Dining Alliance, based in Boston.

“The main thing we are offering is savings,” said John Davie, president of the organization, which began in Rochester, N.Y., in 1998 and is now in 17 cities across the country.

Like the health care and education sectors, where group bidding on products and services is a popular way to cut costs, the Dining Alliance helps small bistro and tavern owners compete with the Chipotle and Cheesecake Factories of the world.

At bimonthly board meetings, local vendors such as Katsiroubas Bros., Cambridge Packing Co., and Foley Fish vie for business from the group. An advisory board of 12 bids on contracts with the suppliers.

Once a vendor is selected, the alliance locks in a ceiling price with room for market fluctuations, said Davie. The group audits vendors weekly and if they catch an overcharge, the restaurant owner is reimbursed.

“Because of our large buying power, we can obtain either a fixed price or lock in a national contract price,” said Davie, who acts as a conduit between growers and distributors to secure the best rates for restaurants. On their own, proprietors are offered street prices for most goods, which can be twice as high as what large chains pay, Davie said.

Davio's spent **\$20** a case for Romaine lettuce before the Dining Alliance
\$16 after
 Total annual savings: \$6,000 a year per restaurant, Total \$24,000



Quarry Hills restaurant used to spend **\$64,000** a year on linens
 Through Dining Alliance they now spend **\$55,680**
 SOURCE: Davio's and Dining Alliance



With food inflation hitting a 30-year high last year, according to the National Restaurant Association, and the price of wholesale food on the rise this summer, the group-buying concept is taking off. In the four years Dining Alliance has been in Boston, it has saved local restaurateurs hundreds of thousands of dollars, according to the organization.

It has made a difference at upscale restaurant Davio's. Four years ago, owner Steve DiFillippo was spending 35 percent of his monthly budget on food. The alliance has helped him reduce it to 32 percent.

“That 3 percent savings every month has been very crucial,” said DiFillippo, who owns four other restaurants, including Avila in Boston and Davio's in Foxborough, Philadelphia, and Atlanta. “During the last four years, food costs have gone up. My costs have gone down,” he said.

That has allowed him to pass savings on to his customers through dinner specials priced at just over \$20 and affordable chef-and-wine dinners, which attract new customers. “The Dining Alliance has made us much more diverse and flexible in terms of price,” said DiFillippo.

Because of the organization, which has 55 employees nationwide, executive chefs don't have to spend their time poring over spreadsheets to monitor the price of scallops or avocados. For Damian, co-owner of Boston-based Legendary Restaurant Group, that's significant.

“It's a lifesaver for independent restaurants,” said Damian, who otherwise would have to pay \$70,000 to hire a purchasing director to manage spending for his establishments, including Papagayo in Boston's Innovation District and Max & Dylans in Downtown Crossing and Charlestown. “I don't have to hire anyone to check prices,



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Davio's executive chef Eric Swartz examined a wheel of cheese just delivered to the restaurant's kitchen from Dining Alliance vendors.

they do it for me.”

Besides, said DiFillippo, “most chefs stink at business.”

“You want a chef cooking your food and being creative in the kitchen, not as a businessman,” he said.

The Dining Alliance works on a pay-for-performance basis. The organization does not charge members to join, but retains a portion of the money earned by vendors — usually between 1.5 percent and 4 percent — on each transaction that saves a restaurant money.

Lured by the healthy mix of independently run restaurants and local food purveyors, the Dining Alliance moved its headquarters to Boston four years ago. “Some cities are tough because they are overrun with chain restaurants, like Phoenix. Boston’s great because whenever we have a contract we always have three or four suppliers to negotiate with,” Davie said.

One of them is Foley Fish, the only fish monger currently working with the Boston branch of the alliance.

“When they came to us, we were already a national distributor with a good book of business,” said Peter Ramsden, co-owner of the company, which operates out of Boston and New Bedford. But Ramsden said the quality of restaurants participating in the partnership provides an added boost.

“It’s business that’s meaningful that we are proud to have,” he said.

He even welcomes the Dining Alliance’s weekly audits, designed to shield members from price gouging. “Customers know that what they are getting is well-scrubbed,” Ramsden said. “There is a lot of transparency in the contract and no ability to manipulate prices week to week.”

And for DiFillippo, a 27-year-restaurant veteran, the more efficient distribution chain has helped to streamline operations. Since joining the group, he’s reduced the number

of vendors his company uses by nearly 80 percent, and is spending less time haggling over the cost of goods.

“It’s a great feeling. It’s a pain in the neck to order every day like that,” he said. “The business really does run a lot smoother.”

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