

# How to Consolidate and Maximize your Spend with Group Purchasing

By Kinetic GPO

Public procurement is a time-consuming process. Many entities have anywhere from 300 to over 1,000 contracts to manage. When you look at that from a sheer manpower and bandwidth perspective, that is a lot of work -- and there are only so many hours in a day. Whether you are talking about equipment such as [lawnmowers](#), the purchase and maintenance of [air purification systems](#) in a school district, or more routine needs like [technology](#) or [office supplies](#), no one wants to wait months for what is needed.

That is why **efficiency** is one of the top reasons to work with a Cooperative Procurement Organization, commonly referred to as a [Group Purchasing Organization \(GPO\)](#). Why spend the time and resources soliciting suppliers and updating terms of contracts when there is a solution you can pull off the shelf that can cover thousands of items?

A quick back-of-the-envelope calculation shows just how much a collaborative purchasing organization can **reduce timelines**. Without a GPO, there is automatically a 30 to 45-day period for the notice of intent, time needed to write the RFX scope of work, followed by 45 days for the solicitation to appear in the marketplace, several weeks for an evaluation team to review responses, and then more time for the legal team to review the contract. In a best-case scenario, conducting and awarding an RFX would take three-four months.

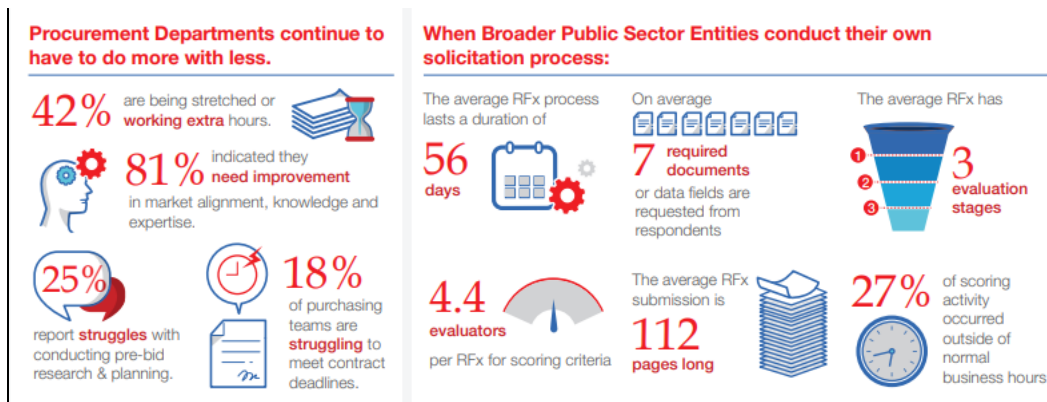


As for **manpower hours**, the process could take 40 to 60 hours for each solicitation. Multiply that by 300 to 1,000 contracts that commonly have a shelf life of three-five years. That is a lot of hours.

Using a GPO saves procurement officers from all that work. The GPO has already gone through the solicitation, evaluation, and due diligence process. Staff and outside experts review each supplier before they are brought on board. And the GPO has met the legal requirements needed, which saves a lot of time.

Greg Spencer, program leader of the North American Cooperative Program for [Trane](#), points to the replacement of an ice rink as an example. “Without using a GPO, the process of bidding for a project to actual installation could take eight months. With a GPO, that time could be reduced to as little as a month,” he said.

Jean-Marc Nadeau, CEO of the Municipalities of Saskatchewan (MuniSask), agreed. “When a public works manager is running off their feet with work, the ability to call up a standing offer is priceless. You do not have to run an RFP or obtain multiple quotes. Using a GPO is a huge time savings.”



The efficiency goes beyond implementing a contract. The procurement team **manages all stages of contracts** on behalf of members, freeing up their time to focus on other duties. At [Kinetic GPO](#), our average supplier contract is three years, with two one-year extension options. We hold business reviews with suppliers and obtain feedback from agencies on their performance, which enhances their value. We also include any updates to suppliers’ catalogs of products and services to ensure that all terms are fair from shipping to payment.

Using group purchasing also gets you a lot **more bang for the buck**. Whether you work on behalf of a small village, a hospital, a university, a school, or a large city, Kinetic GPO members get aggregated national pricing. This means everyone benefits from the same buying power and contracts, regardless of size. From a sheer savings standpoint, this can make a big difference.

Kinetic’s relationship with [Home Depot](#) is a good case in point. Overall, Canadian members can expect to receive savings of 5% off the retail price in most categories. When you are buying something in bulk, like appliances for a housing authority, those are substantial discounts. A small village may be working with a smaller budget, so every percentage point saved through GPO pricing gives them more money to pay for services like police and firefighters.

Nadeau noted that this is important for many municipalities in Saskatchewan. “Some small municipalities may not have as much buying power and the ability to use contracts like Kinetic

offers is a significant benefit. At the end of the day, we have to stretch our dollars as far as possible.”

Al-Azhar Khalfan, president and CEO of Supply Chain Canada – Ontario Institute, added, “Working with a [trusted GPO](#) elevates your buying power. That is perhaps the most compelling value proposition.”

**Compliance** is another major benefit of working with a GPO. At [Kinetic GPO](#), our staff includes compliance, legal, and contract experts to ensure our agreements are “[fair, open, and transparent](#),” as required by International and Regional Trade Agreements. We also work with third-party organizations like Supply Chain Canada to learn about new best practices and refine our procurement process, policies, and procedures – all of which help to drive efficiencies across the board.

Nadeau explained, “Compliance is important because businesses want to know they have a chance to compete. GPOs ensure that purchasing is done within the regulations and with integrity. It is important to know contracts comply with all the rules in Canada whether it is the Canada Free Trade Agreement or the U.S. Free Trade Partnership.”



The bottom line is that GPOs are a useful tool to consolidate and maximize procurement. They can help even the playing field for smaller entities and provide everyone with off-the-shelf solutions to purchasing needs in a much shorter timeline than otherwise possible. Kinetic GPO provides national buying power, oftentimes with a local presence. Whether you are facing an emergency and need items ASAP from a trusted partner or are dealing with the daily needs of your organization, group purchasing can save substantial time and money.

To become a member of Kinetic GPO, click [here](#). Membership is free, with no volume commitments.