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Breaking the Iron Triangle:
The Secret to Reducing Procurement Costs without Cutting Quality or Service
American Print Management provides proven methodology for reducing print spend

by William Gindlesperger, Chairman and Chief Executive Officer, e-LYNXX Corporation

Procurement, like other complex business disciplines, represents a conundrum of conflicting business objectives when ordering and buying goods and services. Progress on one objective, such as pricing, can negatively impact another, such as quality or service or both.

That is exactly the conundrum facing organizations when using traditional methods of procurement. The challenge for them is attempting to simultaneously improve both quality and service while reducing price. Historically, no matter what procurement method was utilized, no matter how hard you tried, only two of the three objectives -- improving quality, improving service or reducing price -- could be obtained. You simply could not achieve top quality, the best service and the lowest price all at once.



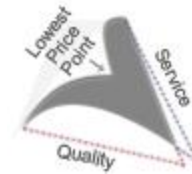
Price is dependent upon quality and service as illustrated with the triangle to the left. The three sides represent quality, service and price. Whenever quality or service increases, so does price. That's the traditional paradigm, and it is called The Iron Triangle because the only way to reduce price is to decrease the level of quality or service.

Print buyers, for instance, experience Iron Triangle limitations when they rely on traditional practices to procure direct mail, marketing materials, commercial print, creative services, labels, customized packaging materials, CD ROMs and all other items where information is placed on a substrate:

- Relationship Dependent Method – Here the buyer consistently awards work to the same set of trusted suppliers through open-ended specifications. Quality and service are maintained, but this is the most expensive way to buy print.
- Negotiated Methods or Rate Carding Method – Print buyers often seek and gain cost-effective prices with print suppliers by consolidating their base of suppliers, aggregating their demand and leveraging volume commitments in exchange for reduced price through a pre-determined “rate card” arrangement. This amounts to a 20% savings below relationship dependent buying, but quality and service are compromised.
- Competitive Techniques – The proliferation of e-procurement methods including spot bidding and reverse auctions has presented improved competitive procurement techniques and savings that are 25% below negotiated techniques or rate carding. Again, quality and service are compromised.

But, there is good news. A new procurement methodology for specification-defined or customized goods and services, like print, has broken The Iron Triangle. The Gindlesperger Method, as the new methodology is known, is streamlining the procurement process, maintaining high quality and service standards and reducing costs for procured goods and services by 25% to 45%. No longer is price a function of quality and service, and no longer do buyers of specification-defined goods and services need to sacrifice quality or service to achieve the lowest price.

With The Gindlesperger Method, as illustrated by the modified triangle to the right, price is dependent solely on identifying pre-qualified suppliers of specification-defined goods and services that have unused capacity. Suppliers can offer low prices based on their need to fill downtime rather than charging the maximum that they think the buyer is willing to pay. This is done without degrading service or quality and without setting future pricing expectations by the buyer for its suppliers.



The Gindlesperger Method is better than other procurement methods because it expands the scope of your procurement process, levels the playing field for all suppliers involved and ensures that your quality and service requirements are met and strengthened. No longer are procurement professionals pressured by old school sales tactics. No longer do you have to limit who you do business with in an attempt to get preferential treatment while you are held hostage to higher pricing.

The opportunity for measurable cost reduction with this new approach is enormous, since 3% to 30% of a typical organization's operating budget is spent on specification-defined goods and services. The Gindlesperger Method is implemented through a web-based computer system provided by a licensed third-party or by the buying entity itself licensing the business method from e-LYNXX Corporation -- owner of the patents and the workflow and communications system that make breaking The Iron Triangle possible.

About the Author

William Gindlesperger is a nationally recognized entrepreneur, inventor, author and consultant in print and procurement. He founded ABC Advisors and its successor, e-LYNXX Corporation, in 1975. Under Mr. Gindlesperger's leadership the firm has grown into the recognized profit enhancement leader. Print buyers and suppliers alike have benefited from his insight and innovation.



Mr. Gindlesperger has directed major in-plant studies in both the private and public sectors and he is highly regarded for his knowledge, advice and work on behalf of firms in matters pertaining to the U. S. Government Printing Office (GPO). He has testified before the U. S. Senate Committee on Rules and Administration regarding government print and procurement policy. He also has worked directly with numerous Congressional and Senatorial members and staff and has advised Congress on the development, operations and future of GPO print procurement and the federal print program in general. He was founder and the first chairman of Printing Industries of America's (PIA) PrintPAC (political action committee), and he has been recognized for his contributions to PIA and services to the printing industry. In 2009, he was inducted into PIA's prestigious Ben Franklin Honor Society for his lifetime achievements.

Mr. Gindlesperger invented the methodology that optimizes cost reduction in the procurement of specification-defined goods and services. He has been granted two separate business method patents by the U. S. Patent Office, first for the competitive procurement of print and then for the competitive procurement of *all* specification-defined goods and services.

The Chambersburg Chamber of Commerce has named Mr. Gindlesperger Volunteer of the Year for his efforts in saving 3000 jobs at the Letterkenny Army Depot and Innovator of the Year for his patent inventions.

A native of Chambersburg, Pa., Mr. Gindlesperger is a graduate of Dickinson College.

About e-LYNXX Corporation

e-LYNXX Corporation, the North American procurement authority, is exclusively endorsed by *Printing Industries of America (PIA)* and *Educational and Institutional Cooperative Purchasing (E&I)* and recognized as a top 100 procurement firm by *Supply & Demand Chain Executive*. Founded in 1975, e-LYNXX has three divisions. ● American Print Management provides enterprise print procurement solutions and patented competitive methods to reduce costs for direct mail, marketing materials, packaging and other procured print. Results include enhanced quality and service levels, efficiencies, process control, transparency and procured print cost reduction of 25% to 50%. ● Patented Procurement Method grants patent licenses for supply chain optimization. Results include substantial reduction in existing costs of competitively procured goods and services. ● Government Print Management offers U.S. GPO bid services, access and assistance. Results include filled downtime, operational stability, improved cash flows and increased profitability. www.e-LYNXX.com – 888-876-5432