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**Don't Spend More When Top Quality Is Available for Less**

*by William Gindlesperger, chairman and chief executive officer, e-LYNXX Corporation*

When looking at suppliers, the possibilities are limited only by your industry knowledge and your understanding of how procurement should work. Usually, the primary limitation is knowing only a handful of suppliers and -- project after project -- going to those few suppliers to request pricing proposals. What you get is pricing based on what the supplier thinks you are willing to pay.

Yes, you read that correctly: *based on what the supplier thinks you are willing to pay*. This means that the supplier is in control and is basically telling you what you are going to have to pay based on when the supplier wants to do the work. That is traditional procurement methodology. This is just the way it has always been so few question whether there is a better way.

In fact there is a much better way that will put you -- the buyer -- in control. It is the latest in procurement methodology. Unlike traditional methods, it expands and manages the pricing process through a comparison of requisite specifications and requirements to a database of supplier attributes -- from pre-qualified and preferred suppliers all of whom are chosen by the buyer and all of whom are willing to submit low bids to fill production downtime. These suppliers are willing to lower their fees in order to fill gaps in their production schedules with work that will keep staff employed, equipment utilized and revenue flowing. They know, by taking advantage of the new methodology, that a low bid will not be expected project after project, because the same supplier will not always have open production time for each and every project. That is why the buyer needs a supplier base large enough so that for any given project there will be at least one qualified supplier with downtime to fill.

Your first thought may be quality and delivery requirements will suffer. The answer is "no, they will not", because suppliers in the vendor base are limited to those who have been pre-qualified to the buyer's total satisfaction, based on a rigorous pre-qualifying process. Many will be suppliers with whom the buyer has established relationships. Every supplier in the vendor base is capable of doing the job for which that supplier has been selected to receive a bid. That minimizes quality as a risk management concern.

You then may suspect that suppliers might balk at this approach. Actually, most suppliers welcome competing for work by lowering their pricing, because this approach allows suppliers to fill production gaps that, if left open, would mean no revenue at all. Specifically, the average print supplier has about 30% downtime to fill at any given time. Those that have consistently used this new approach to supplying print are increasing their bottom line profitability by 10% to 15% of revenue.

The outcome of this new methodology should appeal to every C-level executive, as gaining control in this way of the procurement of customized goods and services yields a measured cost reduction of about 42%. That is the average amount suppliers can comfortably reduce their prices in order to fill their downtime. With print, most organizations spend, on average, 3% to 5% of gross revenues for direct mail, marketing materials, commercial print, labels, product packaging and/or other types of customized print projects. Savings at the 30% to 40% level convert 1% or more of revenues to the bottom line.

Some may think this is too good to be true. At one of our clients, the marketing vice president was insistent that the annual report be printed by a printer that was strongly recommended by the advertising agency that prepared the creative for the report. The chief procurement officer, backed by the company's chief executive officer, insisted that the new procurement methodology be used with the agency's printer being included in the client company's prequalified supplier base. When the bids came back from just those pre-qualified suppliers capable of doing the job, the agency's printer was the high bidder with a proposal that came in at more than \$200,000. Another printer -- equally qualified -- submitted a bid for \$125,000, because it had production time to fill. The C-suite decision was to go with the low pre-qualified bidder, and they were not disappointed. The annual reports were produced and delivered with precision, and more than \$75,000 was saved in the process.

The new methodology works because it creates a pre-qualified supplier base, thorough project specifications, a controlled, yet fair, bidding environment, efficiencies that save additional time and money and a mutual acceptance of the process by the buyer and all suppliers in its supplier base. Since every step of the workflow process is monitored by a computerized communication system, full transparency is established and all stakeholders are assured that the work is performed per specifications and on time.

The lesson learned from all of this is successful businesses must stay on top of advances in procurement and other business methods and not be shy about embracing change required to move an organization forward. While procurement may seem like a back-office support service, it is now on the front lines as CEO's, CFO's and COO's look for every penny that can be saved to compete in an economy that is claiming business victims every day. Procurement is an area where there is substantial opportunity for savings. The first step toward realizing those savings is accepting the fact that traditional procurement methods no longer get the job done.

**About William Gindlesperger**

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.

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.

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](http://www.e-LYNXX.com) – 888-876-5432