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Make Procurement a Priority to Achieve Significant Cost Reductions in 2012

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

A wise New Year's resolution is to assess how more can be done with existing resources. This is certainly true as organizations continue to look for ways to squeeze every penny out of every dollar. One proven way of maximizing resources is to save on goods and services through the purchasing process.

Often relegated to back-office operations, procurement has earned its place at the strategic decision-making table of any organization that wants to improve its bottom line. According to the most recent survey of chief procurement officers by Capgemini, 79% of chief procurement officer respondents stated that procurement must be more focused on "improving an organization's bottom line." The Capgemini survey also found that more than 70% of purchasing functions now report directly to boards of directors and more than a quarter report directly to chief executive officers.

Given the growing importance of procurement, there are some basics that must not be overlooked to establish a cost-effective and efficient program:

- Plan properly - Consult with departments within the organization to determine projected needs, timetables, quality and quantity requirements, budgets and frequency of orders. Inadequate planning will lead to problems. Centralize purchasing of similar items where possible.
- Assign accountability - Establish roles and responsibilities so all know who is responsible for such key decisions as quantity, quality, design, deadlines, final approvals, etc. Get as many decision-makers as possible involved in the planning process so all bases are covered from legal to shipping.
- Ensure transparency - Make sure all participants in the procurement process, internal and external, know that procurement ethics will be applied to ensure fairness and avoid favoritism or any relationship that may seem questionable.
- Be legally compliant - Be meticulous with all contracts, orders and licensing agreements so ensure that are legally sound with every client before the procurement process is initiated.
- Welcome innovation - Seek new approaches to procurement that were not available just a few years ago. New procurement technology, such as automated vendor selection technology, is reducing the cost of custom goods and services by an average of 42%.
- Be clear - Communicate in a way that is easily understood and in a way in which all participants are informed in a timely manner about key decisions, tasks, quality, quantity, deadlines, changes and delivery.
- Establish payment terms - Do not leave anything to chance regarding how payments to the successful vendor are to be calculated once they have been awarded the contract. Make payments on time.
- Document everything - Ensure that the whole process is adequately documented and recorded to demonstrate the decision-making processes to others. This contributes to full accountability by all involved and serves as an archive for reference with future similar jobs.

These basics come together when a competitive bidding environment is established for vendors. Of all new approaches to vendor bidding on the market, the one that is producing the best results is the automated vendor selection technology that is noted in the "Welcome Innovation" bullet point above. Savings of 25% to 50% on procured goods and services, such as printing and manufactured specialty parts, are being reported. The strength of this process is it has the buyer establish a database of pre-qualified vendors that the buyer maintains so the database is up-to-date from project to project. All vendors in the database are carefully vetted so the buyer knows that regardless of pricing a quality job will be delivered on time by a trusted supplier. When job specifications are entered into the computer, the automated vendor selection procedure matches the specs with the capabilities of all vendors in the buyer's database but only invites those best qualified to do the work to bid. Low bid typically wins, and prices are discounted because vendors usually bid on the work to fill production gaps or downtime.

The communications and workflow system that supports AVS Technology® is ideal for establishing clear communication, total transparency, full accountability, complete documentation and accurate invoicing. It is web-based, tailored for each buyer's needs and serves as an extension of the organization's existing procurement function. Being web based, it can be accessed by all participants. The thoroughness with which every task is documented makes it an excellent tool for planning, quality control, production monitoring and archiving.

With advances such as this, every C-level executive should take notice and make a 2012 resolution to improve bottom-line results by controlling expenses with procurement innovation that will bring antiquated procurement processes into the 21st Century.

About e-LYNXX Corporation

e-LYNXX Corporation patented the technology integral to e-commerce. Endorsed by Educational & Institutional Cooperative Purchasing (E&I) and Printing Industries of America (PIA), e-LYNXX drives results through its three divisions. • AVS Technology® licenses the patented* automated vendor selection procedure used in e-commerce and procurement systems. • American Print Management provides web-based system, services and patented AVS Technology® to reduce substantially the procured costs of direct mail, marketing, publications, packaging, labels and other procured print. • Government Print Management offers effective U.S. GPO bid services and strategies. www.e-LYNXX.com – 888-876-5432

*U. S. Patent No. 6,397,197, Patent No. 7,451,106, post-Bilski Patent No. 7,788,143, and Continuing Application 12/855,423 (collectively, the AVS Technology®) – This thicket of patents covers all custom goods and services, not just print. To inquire about licensing, contact Anthony Hawks at 888-876-5432 or Michael Cannata at 905-773-2207.

About the Author



William Gindlesperger is a nationally recognized entrepreneur, inventor, author and consultant. He founded ABC Advisors and its successor, e-LYNXX Corporation, in 1975. Profit, non-profit and government organizations alike have benefited from his strategic insight and innovation that result in measured and substantial cost reduction.

Mr. Gindlesperger's sound advice and counsel have yielded results for those with fiduciary responsibility and the authority to take action to reduce costs. He has directed major initiatives in both the private and public sectors. He has testified before the U. S. Senate Committee on Rules and Administration regarding government print and procurement policy. He has worked directly with numerous Congressional and Senatorial members and staff and has advised Congress on the development, operations and future of government procurement.

He has been a lead fund raiser for senatorial, congressional and gubernatorial elected officials. He was a founder and chairman of Printing Industries of America's (PIA) PrintPAC (political action committee) and has been recognized for his contributions to PIA and services to the printing industry. He was inducted into PIA's Ben Franklin Honor Society of print industry leaders in 2009 for his lifetime contributions to the print industry. *Supply & Demand Chain Executive* honored Mr. Gindlesperger by including him in its 2010 listing of the most influential leaders in the supply and procurement profession in North America.

Mr. Gindlesperger invented the Automated Vendor Selection (AVS) Technology® -- the technology that is integral to e-commerce and optimizes cost reduction in the procurement of *all* customized and specification-defined goods and services. He has been granted a series of Automated Vendor Selection patents, including Patent No. 6,397,197, Patent No. 7,451,106, and post-Bilski Patent No. 7,788,143 (collectively, the "AVS Technology™").

Under Mr. Gindlesperger's leadership, e-LYNXX has grown into the leading print management and procurement licensing firm in North America. e-LYNXX has been exclusively endorsed by Printing Industries of America (PIA) and has been named one of the top 100 procurement firms in North America by *Supply & Demand Chain Executive* magazine.

His firm handles more than 200 on-going consulting assignments at any given time. Among its contracts is one with Educational & Institutional Cooperative Purchasing to assist colleges, universities and other institutions nationwide with procurement and spend management.

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