

SUPPLY & COMMAND:

HOW COMMUNITY-BASED ORGANIZATIONS AND NON-PROFITS CAN LEVERAGE GROUP PURCHASING STRATEGIES TO REDUCE FOOD COSTS AND SUPPLY CHAIN DISTURBANCES





Volunteer

THE CHALLENGE

Demand for community-based food programs (hot meal programs, Meals on Wheels, senior nutrition, and community centers) is at an all-time high, with many seeing requests for help increase by 30 – 100% over the past few years. This has placed an immense burden on the already-strained budgets of these critical organizations.

To meet new sanitation guidelines, groups have also had to increase their purchases of essential non-food supplies like PPE, cleaning supplies, and disposable food containers. Many of these trends are likely permanent as the buffet-style set-up is being replaced with a single-serving approach. Few organizations were able to budget for these new expenses.

Making matters more challenging, disturbances in the supply chain have caused shortages of critical products in inopportune times. Many organizations have seen fill rates for food and supplies drop since March of 2020. Initially, delivery issues were due to a lack of availability from the manufacturers.

Today, these issues are more commonly associated with food distributors prioritizing restaurants over organizations like community centers or Meals On Wheels. Restaurants typically spend more with a food distributor than those institutions, so naturally are placed at the head of the line. As a result, those in need suffer.

Group Purchasing Organizations (GPOs) provide an opportunity to overcome many of these challenges, offering a way to:

- ✓ **Reduce food costs**
- ✓ **Increase fill rates**
- ✓ **Satisfy your mission**

KEY TAKEAWAYS

- ✓ Organizations that serve food to those in need are struggling to serve their mission, impacted by a nationwide increase in food costs and supply chain disturbances.
- ✓ By joining the GroupSource GPO, many organizations are reducing their food costs by up to 20% and being guaranteed fill rates.
- ✓ There is no cost to join and utilize GroupSource's agreements with nationally-recognized suppliers.
- ✓ Many organizations are able to see substantial savings on the exact items they are already purchasing.
- ✓ To determine the level of savings GroupSource can provide, interested groups should contact GroupSource for a free cost study. A cost study will show how much the organization can save by using GroupSource's negotiated contracts with key suppliers.

BEYOND HEALTHCARE: Benefits of GPOs

GPOs are a key part of the supply chain for hospital systems across the country. By combining the purchasing power of multiple hospital systems, GPOs enable members to purchase the necessary supplies at a lower rate than any of the members could achieve on their own.

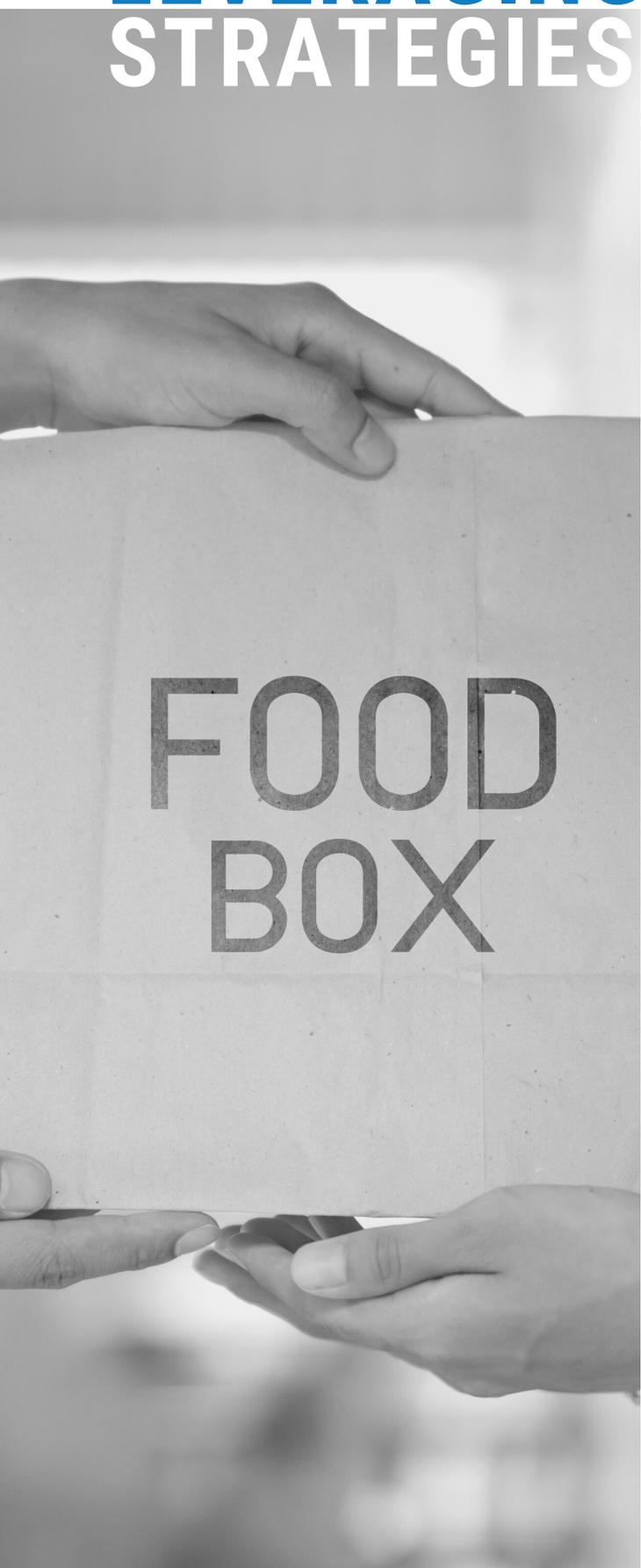
Additionally, by joining together several very large organizations, the GPO is able to negotiate terms with suppliers to ensure that its members are at the front of the line whenever supply chain disturbances occur, as have happened at unacceptable rates recently throughout the country.

What many organizations may not know is that GPO membership is not limited to extremely large healthcare systems or major corporations. In fact, programs that serve food are eligible to join a GPO free of charge.

By aligning itself with several organizations 100 times larger than itself, a community food program can reduce the cost of food by 10 – 20 percent immediately. In addition to lower costs, it can also be guaranteed fill rates over 99 percent.

 **10-20%** cost decrease  **99%** fill rates

GPO LEVERAGING STRATEGIES



To someone new to the concept of a GPO this might sound too good to be true. It's natural to ask, "Where's the catch?". Well, here's the catch – to get the benefits of a GPO, you have to use the GPO's agreements with suppliers.

Just like a membership to Costco or Sam's Club is meaningless if you never shop there, the only way to capture the dramatic savings and delivery preference that the GPO offers is by leveraging the agreements with your organization's food distributor.

An organization needs to register as a member of the GPO, just like it is necessary to present a membership card when purchasing anything from a membership-based discount retailer. There are no membership fees or commitments on behalf of members, though the expectation is that members will use the GPO's agreements whenever possible. This alignment to the agreements allows the GPO to renegotiate ever better rates during the next cycle of contract renewals with suppliers.

Many new GPO members are surprised they are able to continue to use many of the same nationally recognized suppliers they always have been, just for substantially less each month!

GPO IMPLEMENTATION: COST ANALYSIS

How can an organization determine the benefit of joining GroupSource? The answer is simple. GroupSource offers a complimentary cost analysis. During the cost analysis, the team at GroupSource will compare the amount that a potential member spent on a variety of products over the past several months with what would have been spent as a member of the GPO.

In nearly every instance, the potential member sees they would have saved more than 10 percent had they used GroupSource's pricing. Many will save up to 20% percent savings. To perform the analysis, a potential member only needs to provide invoices from the food distributor for a few months.

In a short period of time, GroupSource will provide a report on the savings, including the exact prices that will be paid as a member.

It cannot be overstated that organizations that feed those in need have enriched the lives of countless people across the country. These important groups deserve support in achieving their mission. Joining GroupSource's group purchasing organization is an excellent way to reduce the cost to serve the community and provide an incredible value to those in need.



<https://groupsourceinc.com/>



913.888.9191



bailey.young@groupsourceinc.com

