

How to make your donors' dollars go further

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Be smarter at managing your third-party suppliers

1. Purchasing vs Procurement
2. Sourcing Goods & Services
3. Contract Management
4. Supplier Management
5. Savings Management
6. How to make it happen
7. Digital Solutions



Purchasing vs Procurement

- Purchasing
- Procurement
- An everyday example of procurement

‘Effective management of third party spend can on average release savings of between 7-12% and can have a direct impact on the bottom line’

PwC, 2014

Sourcing Goods & Services

Steps in the Sourcing process:



What's Best Value?

"Increasing migration from a relentless price and cost focus to a more holistic approach"
PWC, 2020

- Cost
- Quality
- ESG (Environmental Social & corporate Governance)
- Your values



Tips for Sourcing

- Involve internal stakeholders from the beginning
- Review previous purchases and practices to identify new efficiencies and reduce waste and redundancy
- Provide prospective suppliers with details of what's required to enable complete responses
- Have a clear and objective scoring criteria for supplier assessment
- Negotiate - If you don't ask you don't get!
- Read the supplier contract before signing and be clear about any buyer and seller obligations and key dates
- Treat all suppliers as you'd want your own people to be treated and remember that feedback is a gift
- Run sourcing activities towards the end of every contract to ensure the continued receipt of best value

Contract Management

‘The average company **loses about 9% of annual revenue** due to poor contract management practices. With typical profit margins hovering around 10%, even halving this loss can **increase profit margins by 50%**’

International Association for Contract & Commercial Management (IACCM)

- Contract repository
- Store all associated contract documents
- Permanent records of active and archived contracts
- Alerts of key contract dates



Tips for Contract Management

To have consistency, transparency and control over contract management

create and document a simple process that everyone can follow

keep up to date contract records and documents

Avoid missing contract notice periods or end dates by simply **diarising key dates**. Missing them can be expensive as many contracts automatically roll-over

Avoid evergreen contracts. These favour the supplier as they roll over and over. Companies lose 3-5% of savings opportunities because of auto-renewing evergreen contracts

Review contracts every two or three years to **ensure that they're still relevant and accurate** and meet the actual requirements

Supplier Management

‘65% of procurement leaders say they have limited or no visibility beyond their tier 1 suppliers’

The Deloitte Global Chief Procurement Officer Survey 2018

- Supplier repository
- Store all associated supplier documents
- Compliance
- Preferred Supplier List
- Monitor performance
- Monitor risk
- Monitor sustainability
- Supplier on-boarding process



Tips for Vendor Management

To have consistency, transparency and control over supplier management

create and document a simple process that everyone can follow

keep up to date supplier records and documents

Don't assume that just because a supplier was compliant last year that they are still compliant this year, especially important for critical suppliers

Record supplier performance regularly, getting feedback from a variety of users so that it's balanced and objective. Feed it back to suppliers

Create a Preferred Supplier List that is easily accessible by employees so that they know which supplier to go to for different goods and services

Savings Management

Reducing costs is the top priority for 76.4% of CPOs, followed closely by improving operational efficiency. Cost saving has been the number one priority for the past ten years

Deloitte CPO 2021 Survey

- Monitor Projected and Realised savings
- Cost reduction
- Cost avoidance
- Split savings projects into manageable milestones



How to make it happen

- Do-It-Yourself
- Work with specialist consultants
- Leverage a digital solution



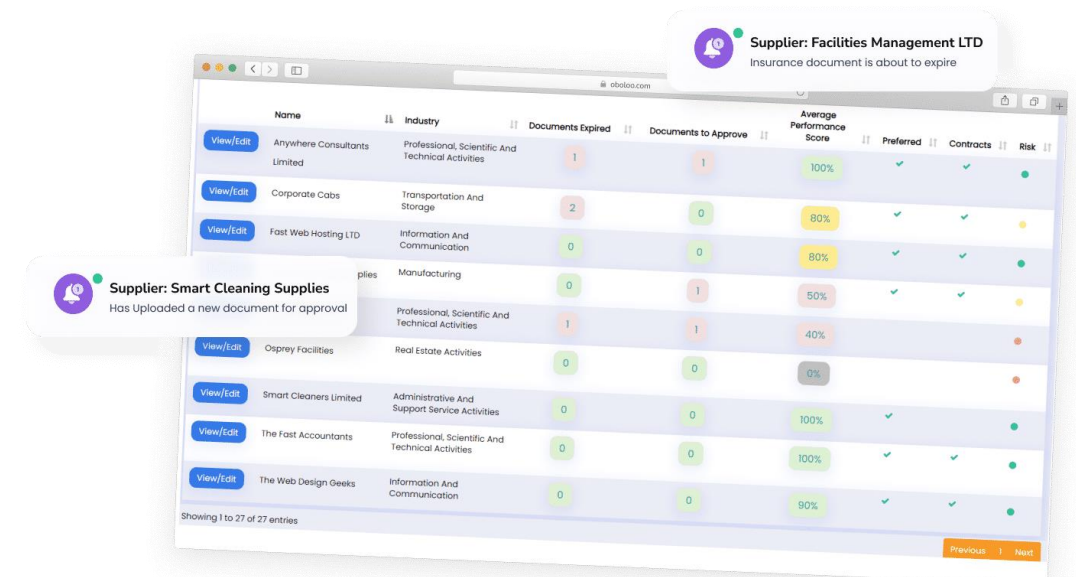
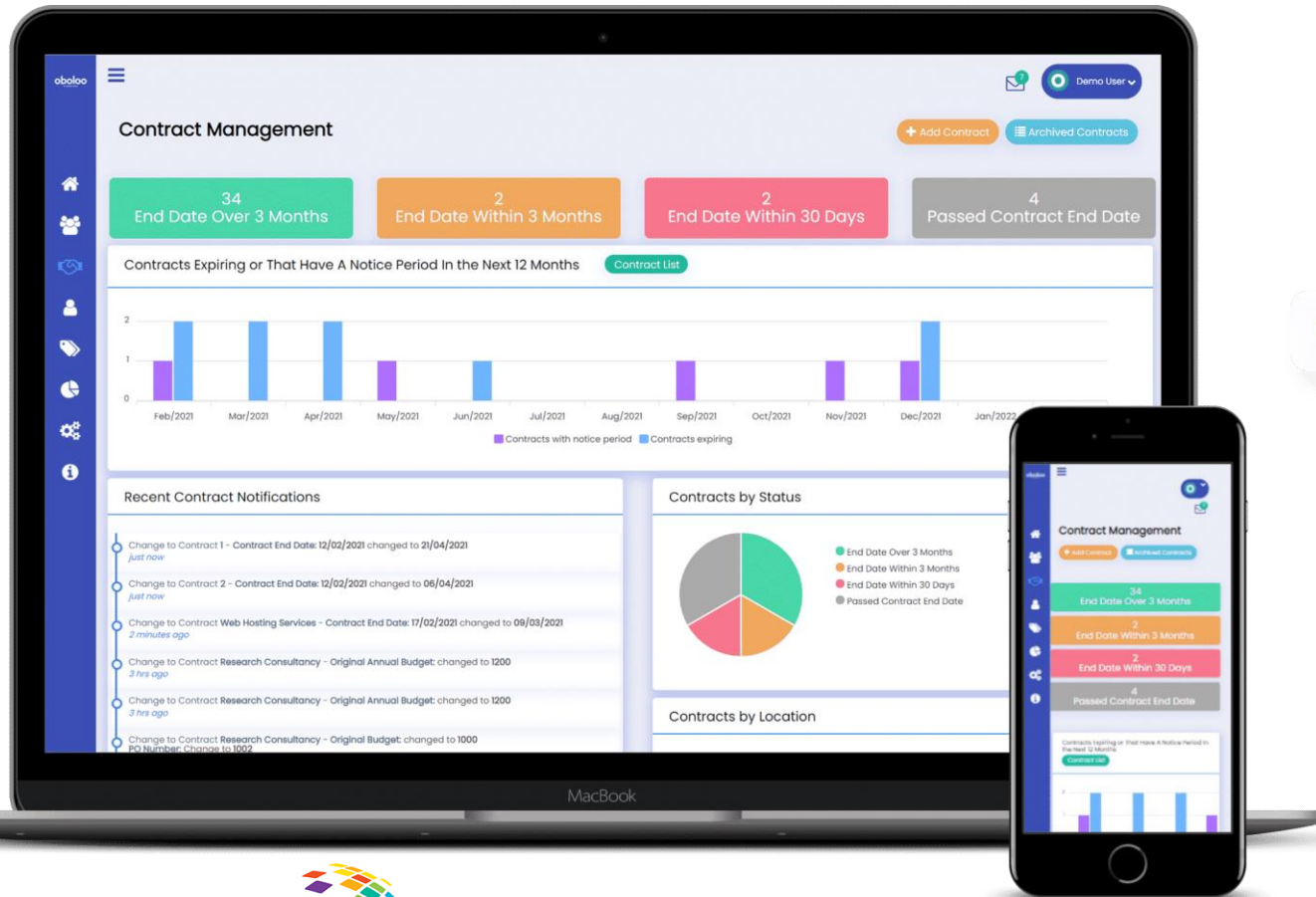
Digital Solutions

Considerations when assessing any digital solution:

- Processes & Outcomes
- Budgets
- People



oboloo is a simple and intuitive self-service cloud procurement software





Any questions?

For a 30-day free trial of oboloo please visit
www.oboloo.com