

Five reasons to work with a GPO

Group Purchasing Organization (GPO) Overview

Group Purchasing Organizations combines multiple Broader Public Sector (BPS) and MASH (Municipal, Academic, Schools, and Hospitals) entities, as well as non-profits, purchasing needs and requirements on a single contract to aggregate volume and raise the purchasing power of each participating entity. Through GPO's, entities can often benefit from best value, while also reducing time spent on procurement processes and establishing contracts. Vendors benefit from the large volume and efficient competitive bid process that come with multiple awards to a single contract. Through these outcomes, the Group Purchasing model can offer incentives for both entities and suppliers alike. Those benefits aren't limited to group buying power either.

There are many reasons to work with a GPO. If you're a procurement professional, here are five reasons to work with a GPO.

1. To ensure compliance

Compliance should be the top priority for a GPO. Without compliance, nothing else matters. At Kinetic, we've hired compliance, legal, and contract experts to ensure our agreements are "fair, open, and transparent," as required by the Canadian Free Trade Agreement.



"With the CFTA explicitly recognizing the acceptability of using buying groups, procurement officers would be remiss not to explore adding GPOs to their menu of sourcing options."

Lise Patry, BA.Sc | LLB | ICD.D | NECI Instructor | Patry Law



<https://neci-legaledge.com/whats-gpo-care/>

Kinetic GPO has invested in compliance to ensure that we work in lockstep with national and regional trade agreements. Our track record speaks for itself. We are currently working with Provinces, Hospitals, Municipalities, Universities, Non-Profit, Schools, and Special Districts across Canada. Each week multiple entities continue to become members of Kinetic.

Furthermore, Kinetic GPO works with our awarded suppliers to help train their public sector leadership teams on compliance and public sector procurement needs. We feel that staying engaged with our suppliers with trainings, business reviews, and on-going engagement helps ensure that our members are receiving the most current compliant processes.

2. To save time

If your entity is strapped for resources and staff, you're not alone. It's not uncommon to manage hundreds of contracts, with each one typically requiring a lengthy solicitation and review process. Even a straight-forward contract could take three to four months.

Group Purchasing vs. Traditional Procurement Process:



Group Purchasing Organizations help ease the strain on Broader Public Sector purchasing staffs, minimizing countless hours spent on the solicitation process and ongoing maintenance of individual contracts. Kinetic follows a CFTA and CETA (*Comprehensive Economic and Trade Agreement, commonly referred to at the Canada-Europe Trade Agreement*) compliant process throughout the solicitation, evaluation, and due diligence steps. Our staff and outside experts apply extensive scoring criteria to each supplier before we bring that contract to our board for approval. When you work with Kinetic, you ensure that your suppliers have gone through the public bid process and meet the required legal criteria, as well as our own strict criteria, which saves you a lot of time. We also keep the number of suppliers aboard low, so agencies know they are getting the best overall value. Consider utilizing a GPO for common procurement needs, in order to free up your staff's time and expertise for more complicated solicitations.

3. To save money

One of the most powerful benefits of Group Purchasing Organizations is aggregated national pricing. This means that even the smallest of public agencies get the same buying power and contracts as a large province. This can help any entity's budget because the money you save by using a GPO can be spent in other critical areas. Furthermore, GPO contracts frequently are broad in-scope, covering an awarded supplier's entire category offering. Contracts are non-exclusive, with no volume commitments, so BPS entities can select the contracts best suited for their needs.

'Cooperative Procurement: Today's Contracting Tool, Tomorrow's Contracting Strategy'

"Cooperatives substantially reduce administrative costs associated with the creation and awarding of government contracts. "For items that have become so common—office supplies, IT supplies, janitorial supplies," said Marcheta Gillespie, former director of procurement for the city of Tucson, "those items have been contracted for on such a wide basis that it becomes illogical for any locality to do so, because you're not going to get better pricing." Leveraging others' relevant work reduces redundancy and redirects procurement officials' time toward essential tasks and the development of specialized expertise." (Harvard White Paper, Rationalizing Procurement Office Administrative Costs, Page 6)



**Cooperative Procurement:
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Tomorrow's Contracting Strategy**
Stephen Goldsmith,
Scott Becker
October 2018

4. To get long-term value

GPOs can provide long-term value with multi-year supplier contracts. Once you lock in pricing with a GPO, you benefit from a long-term price guarantee. At Kinetic, our average supplier contract is three years, with two one-year extension options. We also actively manage those contracts, holding business reviews with suppliers and obtaining feedback from agencies on their performance. The value we deliver is enhanced by that feedback. As more agencies join us, it's also not uncommon to see pricing go down. Several of our contracts have seen deeper discounts based on the number of participating agencies. Another important value is that our contracts incorporate suppliers' entire catalog offerings, so you benefit from tens of thousands of items offered at group pricing. Our contracts also include any updates to the catalog and ensure that all terms are fair from shipping to payment.

5. To get national expertise and a commitment to best practices

To offer top value, GPOs should offer national expertise and a commitment to best practices. We work with thought leaders across Canada like Maureen Sullivan, president of NECI, and respected organizations to ensure we stay on top of current procurement trends and guidelines. Kinetic also provides education for our members and supplier partners. Furthermore, Kinetic recently joined the National Cooperative Purchasing Partners (NCP) association, which requires a code of conduct pledge that we will share and follow best practices with other GPOs and suppliers. When you become a member, you are expanding your ability to broaden your network of like-minded procurement professionals.

Not all GPOs are the same

There are many reasons to hire a GPO, but not all GPOs are the same. Make sure you ask a GPO how it delivers these benefits to find the right fit for your organization.

Please note that this document is not intended to serve as legal advice. Entities are encouraged to conduct proper due diligence to determine if Group Purchasing is a tool that can be utilized for your organization.