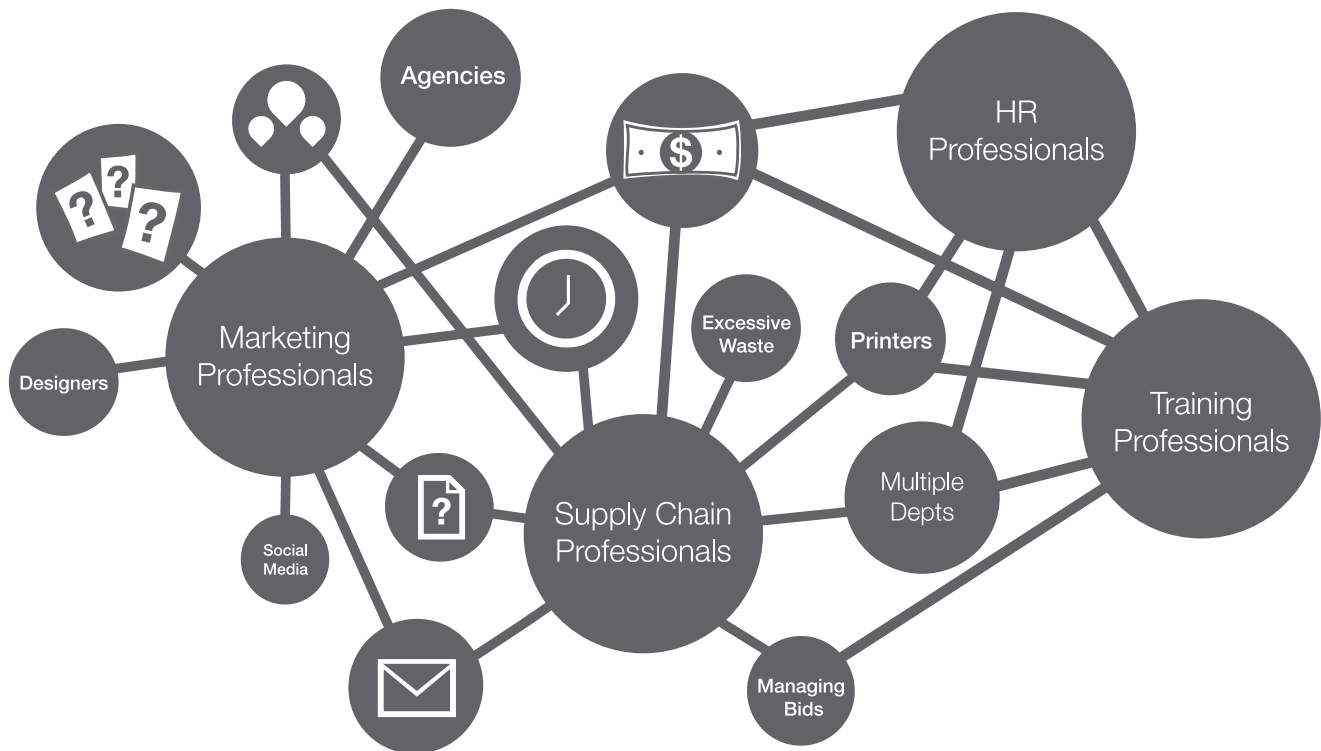




# SUCCESS WITH SUPPLY CHAIN MANAGEMENT:

Gain Control and Reduce Costs By Eliminating Silo Buying

By Ken Lamb



## LOCATE SILO BUYING IN YOUR COMPANY

Successful companies ask questions and examine each part of their operation to find ways of doing more with less. Efforts to use less people, less time and lower the overall impact to the bottom line have caused companies to examine their procurement and distribution processes. Many companies now report procurement functions directly to a company president, CFO or board of directors. This is happening because procurement and distribution tasks are a major area where a company can create cost savings and efficiencies.

With an increased exposure of procurement and distribution tasks, companies are discovering these tasks are spread across several individuals in their organization, each responsible for supplier selecting, budgeting, executing orders, invoice approval, directing distribution and managing supplier relationships for their individual departments. This procurement model is called “Silo Buying,” meaning, each department in the organization is lacking knowledge and awareness of what other departments are doing.

Each of these departments has their own vendors, ordering methods, pricing agreements, distribution and invoicing processes. Allowing each separate department to specify and purchase their own product does not let the organization take full advantage of efficiencies in the print market. While the function and messaging of these departments are different, their print production needs are often very similar. Purchasers in each department

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Supply Chain Management company.”**

may also send work to friends, family and suppliers with whom they may have maintained long-time personal relationships. Often, these transactions are given to an incumbent because it is easy to do so and takes the purchase task off of an employee’s desk quickly.

Gaining knowledge and understanding of what each department needs to procure and distribute allows for centralization of all procurement and distribution tasks yielding opportunities for cost savings. Successful organizations eliminate Silo Buying by partnering with a Supply Chain Management company to centralize these procurement and distribution tasks.

As a corporate partner, the Supply Chain Management company will organize projects and objectives from each individual department then manage all aspects of the procurement and distribution processes from concept to delivery. Eliminating Silo Buying by centralizing and automating these tasks through a single source illustrates a more public view of procurement and distribution allowing it to be managed correctly and become a positive and impactful element to an organization's bottom line. The Supply Chain Management partner takes this global viewpoint of a partner company's activity and can achieve several different efficiencies through their responsibilities.

The Supply Chain Management company takes this total vision of the client company's activities and is able to leverage the larger overall spend and standardize procurement while taking advantage of over capacities in different markets.



**A Supply Chain Management Company's Duties Include But Are Not Limited To:**

- Relationship Management with partner company's different departments
- Organizing and consolidating purchases
- Competitive bidding and negotiation with major suppliers across the nation
- Supplier relationship management
- Expertise in product quality control
- Use of technology to automate repetitive tasks
- Accurate inventory control and tracking
- Metrical performance measurement and reporting

## THE DATASOURCE MODEL

DataSource can manage all aspects of the development, design and delivery of materials a company needs to provide quality products and services to support their field locations and effectively market to their customers. By consolidating efforts of researching, sourcing, procurement, inventory management and distribution with DataSource, client companies see reduced operating costs and increased value of overall spend. DataSource does this by providing a single point of contact, accurately managed inventory, faster order to delivery time through an always open web interface and nationwide delivery, allowing organizations to meet their customers' needs efficiently and accurately.

DataSource enables best practices for procurement in a number of different ways. Once a client moves to DataSource, their dedicated Account Manager will measure inventory activity and shipment information to illustrate usage patterns and forecast future need. This metric is used to bid on a national network of qualified suppliers across several different manufacturers and markets, or, to utilize an open bid which functions like a reverse auction. While doing this, DataSource can also develop specific pricing tables, templates and price contracts based on the amount of volume the client organization purchases across a period of time. Bundled with programs and agreements in place for existing client groups, DataSource obtains the best opportunities for delivering cost savings on printed product backed up by measurable results. DataSource optimizes the total cost of ownership allowing all client departments to collaborate with a dedicated Account Manager who manages manufacturers, inventory performance reporting and product research obtaining the best possible procurement opportunities. DataSource takes the similarities across client departments to market, securing the best advantage for producing printed



product. Every print request is bid through DataSource's national supplier network made up of qualified, vetted and accurate manufacturers. Doing this presents the project to many different manufacturers across the country finding the best technical fit as well as taking advantage of overcapacity in the market. As a result, it yields a lower overall cost for the same project that may have only been bid to one or two manufacturers while using the Silo Buying model.

By handling these transactions with various manufacturers, client company's staff and cash resources are removed from the procurement process allowing those assets to concentrate where most effective for their organization. DataSource can hold all inventory value and bill field locations or home office when product ships from a centralized warehouse or manufacturing facility. This spreads out the total cost of ownership across time and combines multiple types of products onto one invoice for location specific orders.

All interaction with client field locations, franchisees and regional managers is focused through a DataSource powered e-commerce portal called, "The Brand Store." This "always on" resource is available 24 hours a day,

seven days a week. It is a one-stop shop covering any product used by the field locations. Local users can customize and order inventoried items, web to print, print on demand, point of sale, direct mail, email, apparel and specialty products. The Brand Store enables local multi-channel marketing while maintaining brand control, corporate compliance and reduced time and cost. All shipment activity submitted through the site can be tracked in real-time and reports for web activity are easily available directly in the site with a few clicks.

## DOCUMENTED RESULTS

Applying MarketNow services and technology, DataSource saves clients 15%-30% on direct and indirect spend within the first year of partnership. Savings are continually measured throughout the relationship. This is especially important for clients seeking to improve their bottom line as savings found in supply chain increases EBITDA, driving up the value of the business. Because of the diligence done on behalf of clients, DataSource enjoys an average client tenure of over nine years.

## ABOUT DATASOURCE

Relying on our deep industry expertise, DataSource delivers multi-channel campaigns that power national brands in local markets through our full service end-to-end brand management solution, MarketNow. Our solution allows supply chain and marketing executives to plan, create, execute and measure campaigns with a robust services offering and innovative technology.



**Plan** - Successful integrated brand programs start with our team of experts. From marketing to supply chain management, we have the expertise to support brands from the beginning.



**Create** - Print, digital, promotional and retail design assets enable local marketing while digital asset management streamlines the creative process without sacrificing brand equity.



**Execute** - Deliver your message on time and on target. Our marketing and supply chain experts will source, bid, buy and deliver the multi-channel materials you need, at a competitive price.



**Measure** - Effective reporting drives efficiencies and continuous improvement. We measure to manage end user satisfaction, campaign effectiveness, cost savings and improved cash flow.

With over 25 years of experience in executing branded programs, DataSource serves nationally recognized automotive, insurance, retail, financial services, and restaurants brands. DataSource manages over 18,000 SKUs for customers in 85,000 locations worldwide.

## FOR MORE INFORMATION

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