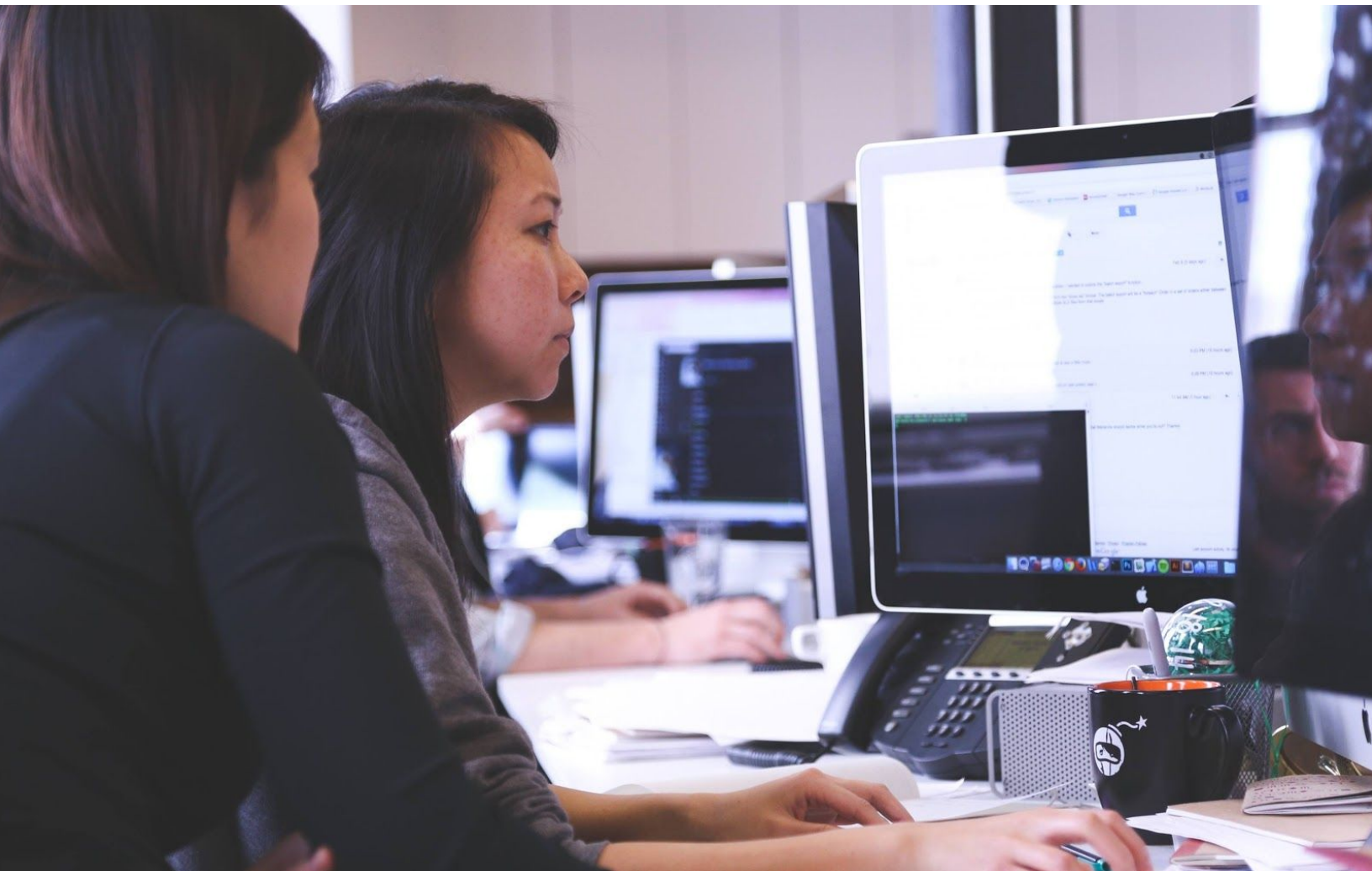# THE 7 HIDDEN COSTS OF PUBLIC PURCHASING

Presented by

VendorRegistry®

If you're not managing your vendors, bids and contracts online, you're likely incurring significant costs throughout the purchasing lifecycle. These costs do not come on an invoice and, thus, are hidden in your financial operations.

STAFF DISTRACTIONS

Doing purchasing well takes time and focus. Unfortunately, fielding sporadic but constant vendor emails and calls throughout the day prevents you from focusing for longer stretches of time. How many times have you looked at the clock at the end of a busy day and said "I didn't have time to get anything done!" Similar to sick leave, distractions kill productivity and, thus, should be viewed as a cost. We know its a real cost, because we handle vendor support for our 400 local governments and schools!

DATA ENTRY AND ERRORS

Whether you register vendors with a paper form or a business card, it requires data entry into a spreadsheet or accounting system. Not only does this take your time, but it is duplicative work as the vendor is spending similar time providing the information. Online vendor registration is free and lets the vendor do the data entry, but they're motivated to do it (and do it without errors) because they want access to bids.

OLD DATA

Getting a vendor to completely fill out a vendor form, W9, E-verify, etc., is a challenge. Getting them to keep their information up to date is monumental undertaking. Thus, our research shows that upwards of 60% of contacts on vendor lists are outdated and wrong. This makes it nearly impossible to reach your vendors (especially your smaller, local vendors) in order to get competitive RFP responses. Fewer responding vendors leads to the next three cost centers - rebids, higher prices and more complaints and contests.

REBIDS

Putting out an RFP can take months given the notice period, time for Q&A, and especially evaluating the responses (which is a time costs born by multiple departments). If you don't have enough qualified respondents (including none at all), you'll have to incur the costs of rebidding the contract, which include hard costs to advertise and distribute the solicitation.

HIGHER PRICES

The most tangible hidden cost is higher prices. When few vendors compete for your contracts, you pay more. In a truly competitive situation, you could expect savings of 5-30%! Whether you view as higher prices or higher opportunity costs, the cash impact over the course of a year can be staggering.

VENDOR COMPLAINTS AND CONTESTED BIDS

If vendors are not notified of relevant bid opportunities, then, optimistically, they'll just complain and force you to explain your process. Worst case, they'll officially contest the results of the bid. Without saying, this could lead to an inordinate amount of leadership and staff time and, potentially, legal expense. Without an electronic system of record, it becomes difficult (if not impossible) to prove that you ran an open and fair bid process. eProcurement systems today enable you to see who received solicitations, when they were opened and even if they downloaded the RFP documents.

UNINSURED VENDORS

One word - nightmare. Uninsured contractors is one reason why getting current certificates of insurance (CoI) from your vendors is such a hot topic. However, trying to keep up with CoI for hundreds or thousands vendors using paper files or spreadsheets also is a nightmare! Vendor management systems can keep track of all documentation and expiration dates centrally as well as automatically notify vendors (and you) of certificates of insurance that are about to expire.

WHAT TO DO ABOUT IT?

There are already enough costs associated with doing purchasing well, so avoid the unnecessary ones. Good vendor management, bid management and contract management systems help you manage purchasing processes and data online and, thus, ultimately can reduce or even eliminate these hidden costs.

Vendor Registry is the highest rated eProcurement system as ranked by ELGL, addresses each of these hidden cost centers, takes literally just a few minutes to implement, and offers a free version.

You're incurring these hidden costs today and every day, so don't wait to move online!

Schedule a brief demo to see how Vendor Registry reduces and eliminates these costs immediately.

VENDOR REGISTRY, INC.

IS A CLOUD-BASED SAAS PLATFORM THAT CONNECTS LOCAL GOVERNMENTS AND VENDORS BY SIMPLIFYING TRADITIONALLY MANUAL PURCHASING PROCESSES TO HELP GENERATE MORE ACCESS TO VENDORS AND SUPPLIERS, DECREASE COSTS FOR GOVERNMENT AND INSTITUTIONAL PURCHASING DEPARTMENTS AND SAVE VALUABLE TIME FOR ALL PARTIES INVOLVED. HEADQUARTERED IN KNOXVILLE, TENNESSEE, VENDOR REGISTRY WAS FOUNDED IN 2012 AND IS THE TOP RATED PURCHASING PLATFORM BY ELGL. FOR MORE INFORMATION, VISIT THE COMPANY'S WEBSITE AT

WWW.VENDORREGISTRY.COM.

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