
GLOBAL-MPG MEMBER GROUP PURCHASING BENEFITS

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As a small business owner, it's essential that you feel you are getting the best quality goods and services at the lowest possible price point. However, without high volume purchase ordering, it can be challenging to get deep discounts from vendors. This is where Globalmpg group purchasing organization, also known as a GPO, can be of help!

Group buying is beneficial for small businesses because it provides a partner solely dedicated to collective purchasing, ensuring you get what you need at the best price available. We realize that joining a group purchasing organization is a big decision for a small business, so we are answering the most commonly asked questions surrounding group buying.

Why Group Buying?

Leverage
Perhaps you don't have millions of dollars' worth of purchasing needs, but a group purchasing organization can combine your order with thousands of other companies to leverage large group discounts from major vendors like **FedEx** and Best Buy. GPOs negotiate and sign contracts with suppliers that can cut your cost significantly thanks to our collective purchasing power.

Contracts
Group buying broadens your network of suppliers, giving your business a larger pool of suppliers and prices to choose from. Globalmpg has partnered with US global suppliers to provide millions of combined annual purchasing power. As such, we combine the connections of an extensive network of nationally Tier (1) recognized suppliers. Not only Globalmpg connect you to this larger network, but we also help streamline the communication process between you and the supplier to save you the hassle. With no exception you have the right to choose the supplier of your choice in or out network.

Price Savings
Globalmpg offers your company a lower cost on your purchasing needs without charging a monthly or annual fee, there is a one-time refundable guaranteed administrative/software license fee. Lower price point isn't our only value add. We save our clients up to or greater 40% off of their current/historic purchase orders!

Advantages of Purchasing Groups

Purchasing Groups (otherwise known as Centralized Purchasing) can be defined as: two or more organizations joined together (or through a third party), in order to combine needs and leverage negotiating strength. This allows the individual purchasers the contractual strength to access best prices, best services, and best technologies that they might otherwise be unable to negotiate. *Scale economies or "purchasing power"* The most obvious advantage of a purchasing group is the scale.

1. Lower prices/Greater negotiating power

By increasing the forecast purchase volume, the Purchasing Group is able to negotiate lower prices for the goods or services purchased with respect to what could be obtained by individual companies working alone. These savings are usually considerable, ranging from 20% to 45%.

2. Reduction of transaction costs

By joining Globalmpg purchasing group, organizations can effectively simplify their procurement processes. This reduces both per unit cost on their goods and also the per transaction costs, due to the reduced number of contracts to be negotiated, prepared and managed.

3. *Process economies*

When organizations come together they can share information about suppliers, new technologies and market knowledge, as well as past purchasing experiences. The end result is eliminating redundancy in the supply chain, as well as reduced transaction costs and achievement of far greater process economies.

4. *Reduced workload*

Since the Purchasing Group manages all stages in the lifecycle of contracts on behalf of their network, the individual businesses benefit from a significant reduction in their workload and are free to focus on their core business, which is therefore more strategic for them.

5. *Improvement in best practices over time*

Globalmpg Group Purchasing Organization enables the network businesses to improve their results by sharing the best practices. Globalmpg partner with industry experts for each product market we manage. These experts constantly search out increasingly more effective methods to improve the process, quality and efficiency of the supplier in order to guarantee an optimized process at increasingly competitive prices. This is known as improvement in the TCO – Total Cost of Ownership.

6. *Technical savings and improved TCO*

Globalmpg benefits go beyond the initial advantage connected with scale economy alone. Once the initial phase is complete, and lower price points are achieved. Globalmpg use its experience and ERP procurement technology to help the networked businesses take their purchasing to the next level, reducing overall waste and optimizing the use of goods and services purchased.

7. *Positive impact on the profits for each individual networked company*

Did you know that a reduction in purchasing costs, for example of 5%, produces an increase in profits of more than 2% and that to obtain the same result, sales would need to increase by more than 20%...? This means that the savings generated by a centralization of purchasing in a network of businesses, will increase profits in each individual network company without having to increase sales.

