

# Buying Better

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# TODAY'S AGENDA

- **Welcome**
- **What:** An Overview of Managed Procurement for non-profits
- **Why:** A Reminder of the Benefits of Managed Procurement and Why it's Important Now
- **How:** Techniques to Support You in Spending Better
  - Sourcing Process
  - Total Cost
  - Implementation Options
- **Final Thoughts**
- **The ONNPP**

# Buying Better

David Rourke

OUR  
PEOPLE

OUR  
FINANCING

OUR REGULATORY  
ENVIRONMENT

# Background

- ONN has partnered with Round Table Procurement Services (RTPS), specializing in procurement management for nonprofit organizations
- ONN and RTPS conducted a study to assess the potential opportunities and needs related to purchasing across the ONN network
- This study set the stage for the development of the ONN Purchasing Program (ONNPP) to address the needs identified
- This Webinar is part of the Sharing and Education component of the Program

**What**  
An Overview of  
Managed Procurement

## Supplier Selection

Develop  
Plan

Prepare for  
Selection

Select  
Supplier

Implement  
Solution

Monitor &  
Manage

## Staff Support

- End-User Support
- Usage & Compliance Management
- Savings Tracking
- Spend Profiles
- Invoice Reviews
- Issue Resolution
- New Agreement Implementation
- Best Practice Implementation
- Needs Identification
- Special Projects
- One-Off Sourcing
- Integration into Operations

## Supplier Support & Management

- Vendor Performance Systems
- Vendor Communication
- Vendor Data Reporting
- New Vendor Qualification
- Issue Resolution
- Compliance Management

## Infrastructure

- Contract Management
- Intranet Content
- Internal Communication
- Buyer Tools
- Market Analysis
- Policy & Process
- Principles, Objectives & Philosophies
- On-Going Governance

# Objectives

1. Realize **hard-dollar cost savings**
2. Ensure **good governance**, sound practices, transparency and fair play
3. Drive **efficiencies**, minimize the time burden on the organization
4. **Support staff**, help to focus on core duties
5. Develop and maintain **healthy relationships** with suppliers
6. Advance and support the **overall mission** of the organization

Minimize the **total cost** of acquisition of goods and services while supporting the **objectives and values** of the organization.

# Balance

- Procurement, as with other admin/support functions, requires a mix of duties
- There can sometimes be tension between competing roles
- The key is to establish priorities, communicate and find a balance





# Social vs Managed Procurement

	Social Procurement	Well-Managed Procurement
<b>Purchasing Relevance</b>	Advocates <b>BUYING FROM</b> non-profit Social Enterprises	Focuses on <b>BUYING BY</b> non-profit organizations
<b>Focus</b>	Promotes the inclusion of social impact in procurement decisions	Deals with all the elements of how a nonprofit organization manages its spending
<b>Benefit</b>	Social Enterprises can benefit greatly from Social Procurement through increased sales	Non-profit organizations can benefit greatly by more effective use of budgets
<b>Key Question</b>	How can we promote the inclusion of social value in the buying behaviour of all sectors?"	"How can we ensure non-profit organizations manage their spending as well as possible?"
<b>Common Thread</b>	<b>Both concepts are tied together by advocating the use of balanced criteria in making purchasing decisions</b>	

Why  
Managed Purchasing?  
Why Here? Why Now?

# Pressures

## **Study: Top Pressures on Spending Practices In Charities:**

1. Rising costs / economic survival
2. Stewardship and social responsibility
3. Resource constraints
4. Government's increasing interest/involvement
5. Increased Risk awareness
6. Reputation & Donor/funder accountability

# Benefits

- **Capacity:** Staff focus on core roles
- **Risk Reduction:** Improved contracts, terms, conditions
- **Integration of Values:** environmental, diversity , fair work principles
- **Governance:** Fair, transparent and defensible processes and policies
- **Cost Savings:**

Type of Support	Average Savings %
Dedicated Resources	15-20%
Shared Resources	10-15%
Buying Group	10-30%

*Based on RTPS recent experience*

# Why Use a Sourcing Process?

## **Competitive Pressure**

- The best way to get the best deal!

## **It May be Required**

- Policy, governance, board, regulatory or 3rd party requirements

## **Promote Transparency and Fairness**

- Minimize risk and potential backlash

## **Find the Best Fit**

- Ensure the selected solution is aligned with your needs, principles and standards

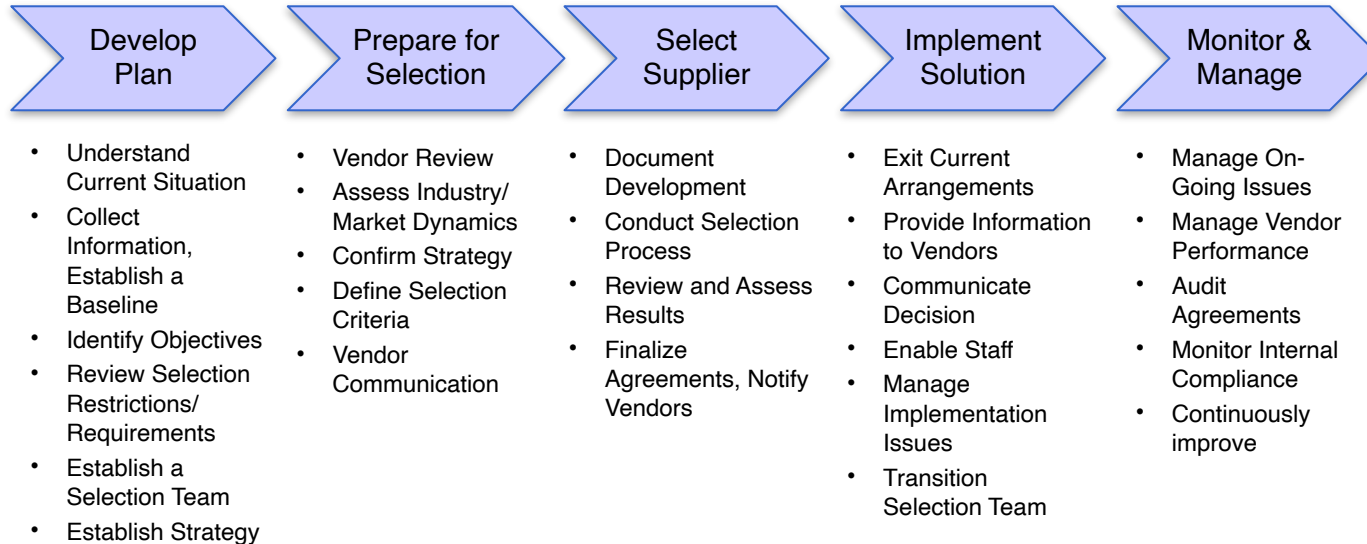
## **Confidence**

- Feel good about the final decision

# How #1

## Running a Supplier Sourcing Process

# Sourcing Process



Each process will differ depending on the situation and the good or service being selected. Use or adjust this process based on your needs.

# Sourcing Tools

## **Request for Proposals (RFP)**

- There is a good sense of scope of work, but you are open to proposals on approach and cost from the supplier community

## **Request for Quote (RFQ)**

- Scope of work is well defined and not flexible; the primary goal is to obtain cost quotes

## **Request for Information (RFI)**

- A “market scan”; The scope of work is undefined; you are more interested in learning about the capabilities of the supplier market

## **Others**

- Tenders, Informal Quotes, Request for Interest, Request for Qualifications, etc



# Sourcing Approaches

## Public or Open

- The RFX is posted in a public forum, including your website.
- When to use: When required by regulations or policy or when you want to “cast a wide net”. The Ontario Broader Public Sector (BPS) Guidelines suggest this if the value is over \$100,000.

## Closed or Invitational

- The RFX is issued directly to a pre-determined list of suppliers, perhaps based on a pre-qualification process or simply past experience.
- When to use: The (BPS) Guidelines suggest an invitational process for values between \$10,000 and \$100,000.

**Buying Groups** can help fast-track the process and reduce the burden on your organization

# Sourcing Principles

## Be Respectful of the Suppliers

- Considerable time and effort is required to participate in a Sourcing Process
- Asking suppliers to participate in a process when the outcome is pre-determined is unethical!

## Equality and Fairness Rule

- All suppliers must be treated equally
- Bias and Conflicts must be declared and managed

## Communication is King

- Everyone gets the same information
- Allow for questions and feedback

## Lean on Others

- Use a multi-person “team” to make the final decision
- Consider collaboration with other organizations

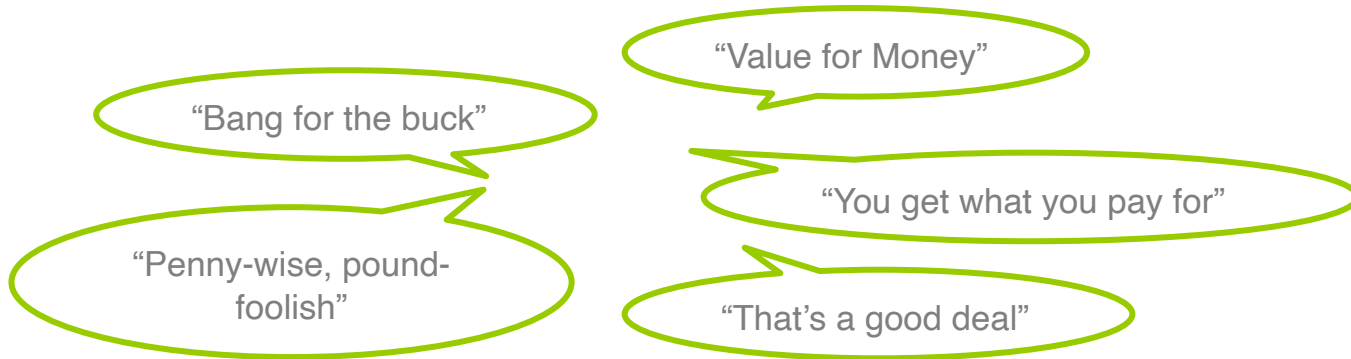
# Sourcing Dos and Don'ts

- **DON'T** assume that one selection strategy will apply in every case
- **DO** know and comply with any requirements imposed by regulations or your funder
- **DON'T** be complacent – How you chose your suppliers matters!
- **DO** apply judgement and common sense in your approach
- **DON'T** neglect the impact on suppliers;
- **DO** respect the time and effort that they put into a Selection Process
- **DON'T** hesitate to seek help; the ONNPP has resources available to assist you in your Sourcing Processes.

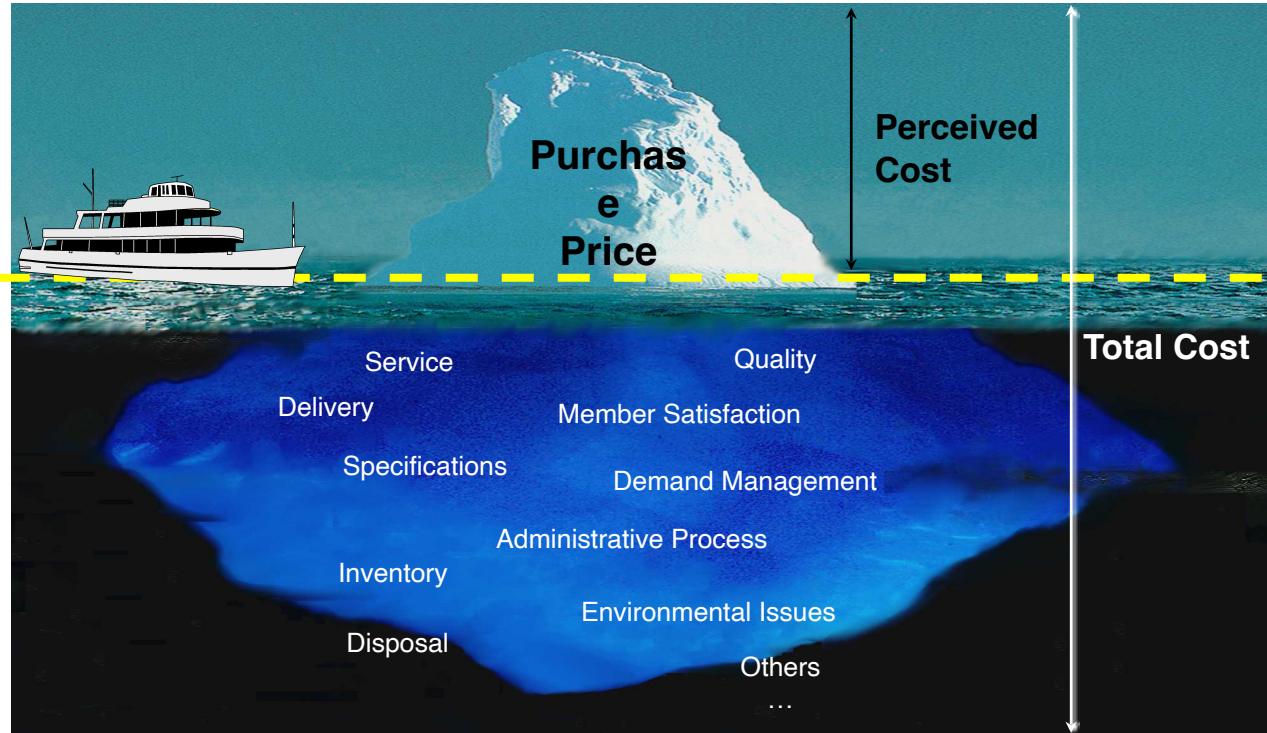
## How #2 Think About Total Cost

# Understanding Value

What is Value? What makes something a “Good Deal”?

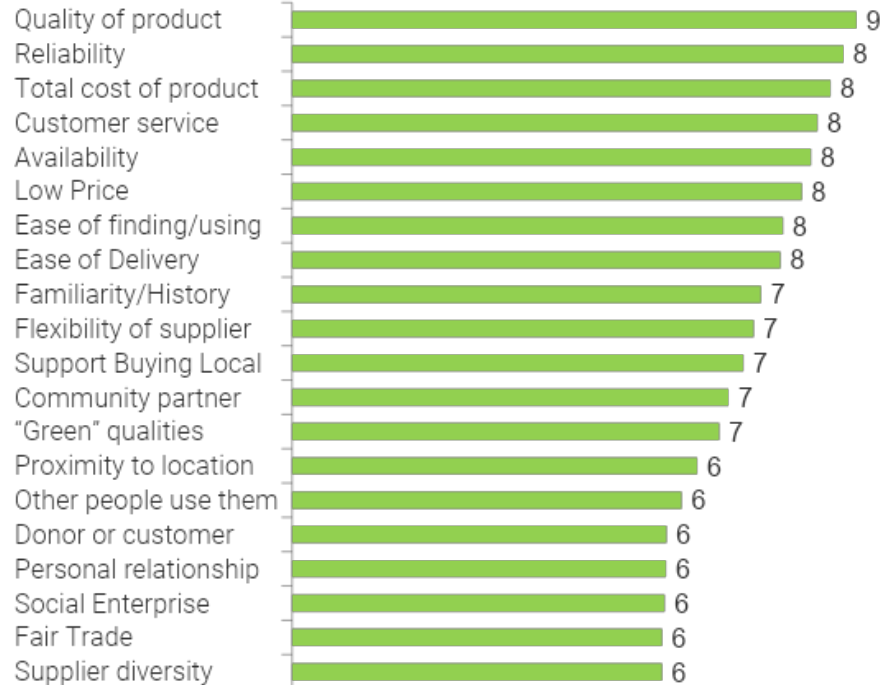


# Total Cost



# Balanced Criteria

- Survey respondents ranked the criteria in terms of their importance when selecting a supplier ;  
1= Not Important  
10=Very Important
- Total Cost and Other factors ranked ahead of Purchase Price



# How #3

## Implementation Approaches



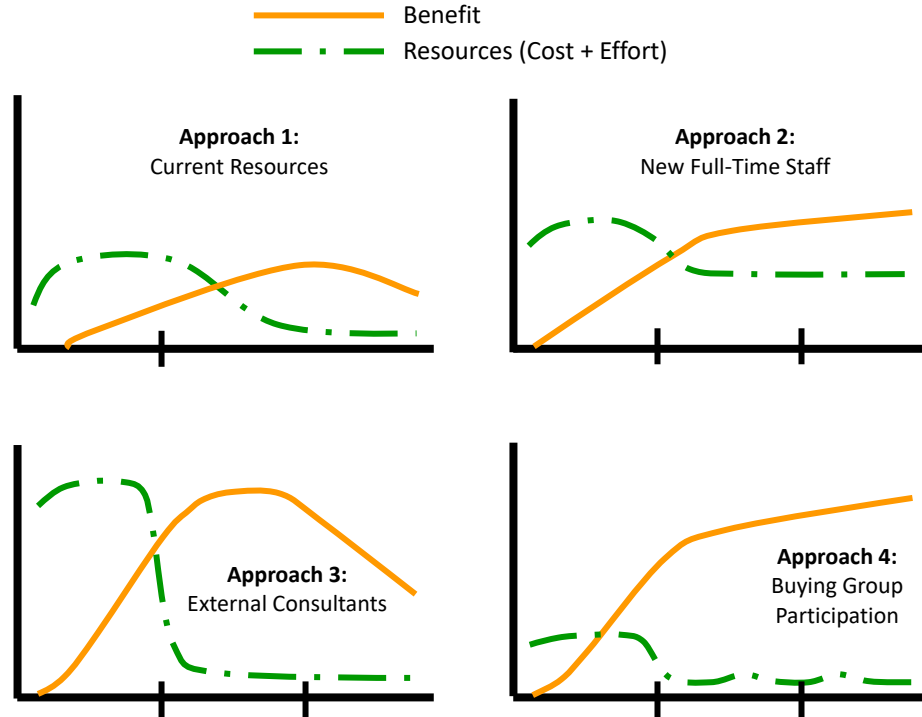
# Implementation Options

- Incorporate into current staff capacity
- Build the capacity internally
- Engage a 3rd party for support
- Connect to a group buying/collaboration model

Each has its advantages; often a strategy that utilizes two or more is the best approach.

# Implementation Options

- Each implementation approach carries a unique cost-benefit trade-off over the short and long term
- Weigh the pros and cons; pick a strategy (or mix of strategies) best for you



# Final Thoughts

# Final Thoughts

## Well-managed Procurement **matters**

- It can make a real difference to fulfilling your mandate

## Be aware of **regulatory and/or policy** requirements

- Create / Expand your own policy

## Assess your **supplier sourcing** processes

- Fair? Transparent? Thorough?

## Consider **total cost** in your sourcing decisions

- Determine what is important to you beyond price

## Investigate **collaboration** opportunities

- As a Sector, we are more powerful together than we are alone

# The ONNPP

## Purchasing Resources

- Whitepapers, webinars and articles are available

## Access to Expertise and Help

- Professional support available
- Help with contracts, supplier issues, RFPs, policies, BPS compliance, more!

## Access Supplier Solutions

- Employee Benefits, Office Supplies, Cell Phones and Print deals are available!
- More to come!

**Get Involved** – Tell us what you'd like to see!

Contact us at:  
**1-877-742-9776**  
[onnpp@rtps.ca](mailto:onnpp@rtps.ca)

# Thank you!

## Stay Connected

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Ontario Nonprofit Network



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