

Group Purchasing Organizations

How You Will Save Time

Finding the right partners

What is a GPO

25% of foodservice purchases that run through GPO's

The Savings

Leveraging the power of numbers

Advantages of GPO's

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Finding the right strategic partner can save you time and money

Ever hear the old saying, "Don't take it personal, it's just business"? When you hear that someone is likely taking advantage of you. In the foodservice industry, that same message is masked in all kinds of reasons why you are paying so much for your supplies and services – especially if you are a small- to mid-sized independent. No matter what the excuses, they all simmer down to the same hard-boiled lesson: the biggest players with the most money get the best deals.

In real-world terms, that means the same manufacturers and distributors you depend on for your supplies are selling those identical items to your regional and national competitors at discounts you will never see as an unaffiliated independent. "Our research shows that small- to mid-sized operators are paying 7 to 10 percent more than they need to for these same products and services," says Joe Donnarumma, principal at Team Four Foodservice/Value 4, a Group Purchasing Organization based in Columbia, MD and Monroe, CT.

The Savings

Because size does matter in the foodservice industry, GPOs leverage their numbers to provide members with a chance to compete on a level playing field with the likes of billion-dollar foodservice giants. But, it turns out GPOs have appeal far beyond just the savings they offer. Member companies say that GPO-negotiated agreements with manufacturers and distributors provide them with access to more brands, more flexibility, and more support in every facet of their business. Because of the reporting transparency of reputable GPOs, members say they know their costs up front and members realize regular audits to verify the accuracy of contracted pricing. That helps to uncover hidden savings by tracing every expense on every item in every step of their supply chain. In a world where margins are razor thin, that's critically important.

What is a Group Purchasing Organization (GPO) and how can it save you money?

First, a bit about GPOs. The concept started in the healthcare industry many years ago when independent healthcare providers formed third-party associations to leverage their collective purchasing power to get better prices and quality services from suppliers. The idea caught on and spread rapidly to other businesses, including foodservice operators. Today, GPOs account for nearly 25% of all foodservice purchases in the U.S., Team Four's Donnarumma says, "and a growing percentage of restaurants, schools, convenience stores, hotels, and resorts are now joining as well." Donnarumma notes that Team Four/Value 4, for example, currently has over 5,000 members across the country and is growing.



"Depending on particular needs, the best GPOs can provide members with peace of mind when it comes to realizing value because they no longer need to constantly track pricing," Donnarumma says. "Beyond providing discounted pricing on essential supplies, top GPOs can also help members with everything from menu development and maintenance solutions to audits, analytics, contract negotiations, equipment purchases, and much more."



So what should you look for in a good GPO?

Here are the top 10 things to consider:

- First, size does matter. "Look for a GPO that has both the size and the expertise you need to get the best pricing and services for your particular business," Donnarumma says. Team Four/Value 4, for instance, has thousands of members and over 200 years of collective experience in the foodservice industry.
- Beyond size and expertise, make sure your GPO has a local name, face, and actual person you and your business can depend on as your business grows.
- Ask about costs right up front and how your business will receive discounts. The best GPOs do not usually require membership fees.
- Don't just sign up with a GPO because you think it is going to save you money. Ask for estimated savings.
- What kind of reporting can you expect and what is its frequency?
- Learn how your GPO makes money. Through efficiencies? Rebates? Off-invoice pricing?
- What do you have to sign, for how long, and are there any penalties if the agreement is broken early?
- Does the GPO require bundling of services or can you tailor the agreement to meet your specific needs? While the best-run GPOs do not require bundling, they do encourage members to make 80 percent of their purchases through the GPO. Why? Again, it is all about strength in numbers.
- We already have a purchasing agent, so what can you do for us? Smart companies realize that it does not pay to be a lone wolf in the foodservice industry. Leveraging the size and expertise of a reputable GPO saves your organization money and allows your purchasing experts to focus on growing your business.



VALUE⁴®

“We built our business on the principle of representing small- to mid-size foodservice operators who want a strategic foodservice partner that will save them time, money, and who will be there when it counts,” says Russ Cipolla, principal at Team Four Foodservice/Value 4. “Lots of people make promises, but we make those promises a reality.”

For More Information

For more information on what a GPO can do for your business, visit <http://www.teamfourfoods.com>

or call

1-888-891-3103.

Contact Us

Give us a call for more information about our services and products

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