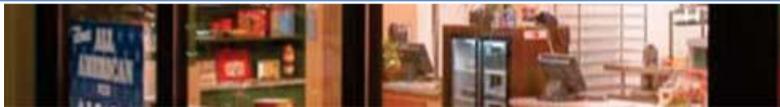




Axis Purchasing – Why Foodservice Organizations Win with GPO's



White Paper – Why Foodservice Organizations Win with GPO's



Axis Purchasing – Headquarters - (703) 310-7607

<http://axispurchasing.com/>

Leverage the strength of GPO's

A Group Buying Organization (GPO) is an organization that helps pool the buying power of members to help get the best possible prices and quality on products and services. In the consumer markets, these programs are comparable to Costco, Shoppers Warehouse, or insurance bundlers.

Food GPO's have a much greater and more effective buying leverage because of their sheer size and collective power. This collective buying benefits the majority of the foodservice providers from multi-unit restaurants, emerging chains, lodging, education and healthcare, regardless of their individual size or internal organization.

The leverage that GPO's bring means bottom-line profits to restaurants: Operators can access *lower cost manufacturing and service agreement* and reduce their food, paper and supply expenses, without switching suppliers or losing creative control.

These products aren't limited to just food, but also include smallwares, paper supplies, ware washing chemicals and services, packaging, miscellaneous supplies, office products and business services.

Don't believe in these common misconceptions of GPO's:

Misconception #1: *My distributor already has a pooled (group) program*

There are many who believe that a distributor is already engaging in some type of leverage program because of their marketing or sheer corporate size. This is not always the case.

Manufacturers work with both distributors AND directly with end users. The best agreements are usually made on a direct basis with the manufacturer and it is in your best interest to negotiate the best cost-effective pricing. In some cases, you may be able to do the negotiation, and many times, you do not have the volume or time to negotiate all the products and services you use.

Now think about it ... for a food establishment that purchases \$2M in product, every



percentage-point of food cost is \$20,000 to the bottom line. So imagine what reducing food cost through leverage can mean for profits and what you take to the bank!

Misconception #2: *I will lose control*

Having the flexibility to source the strategic products that you need and still work with suppliers and manufacturers is a hallmark of reputable GPO's. Not all GPO's work the same. Be careful of organizations that dictate the distribution channel, have restrictive compliance requirements, or do not offer product or market support.

A quality GPO should support the organization's needs without stifling innovation or getting in the way of operations.



In addition to the control that you maintain, GPO's also provide a way for you to learn about other market offerings and gain access to similar high quality products that may be more optimal for your use and are more cost-effective.

Also, how many suppliers do you really know? In addition, how familiar are you with products in your area, such as kitchen supplies, cleaning products, processed eggs, oils, bacon, smallwares and the list goes on.

You definitely will not lose the control. You will gain purchase leverage and choice.

Misconception #3: *Purchasing is my job - I don't need a GPO involved*

Likely, your expertise as a purchasing agent, manager or director is in the skill sets you possess that enable you to bring the best quality product at fulfillment levels that your company requires.

So maximizing that aspect makes a lot of sense along with partnering with a purchasing partner that has billions of dollars of leverage.

You have limited resources (maybe you are the entire purchasing department). That is where a GPO can help.

Combine your expertise in purchasing with the leverage of a GPO to create a win-win situation where your organization gets the best quality product, at the optimal time for the most *effective pricing possible*. Call it the *hat trick* of purchasing for foodservice operators!



For the organization that is “self-sufficient” especially today, it is time for purchasing agents to swallow their pride and increase their support system. Smart executives embrace the opportunity to develop synergies and make themselves successful.

With the added support and leverage of a good GPO, your effectiveness grows exponentially. You are no less of a purchasing wizard when you use a GPO. In fact, with a GPO, you may end up being a purchasing “all-star.”

Misconception #4: The GPO benefits the most, we only get scraps

This misconception can be true. Here you need to be smart and look at three areas:

1. Visibility into the Fees or Incentive Share. Always know what the total return is and how much the GPO keeps. If this is not disclosed, look elsewhere.
2. Off-Invoice Pricing. What products and services are available with contract pricing in addition to the incentives? Don't go with a GPO that has only incentives. Contract pricing can be two to three times the value of incentives.
3. Value-Added Services: Some GPO's stop with purchase reporting and rebates. Use a GPO that continually offers new programs and suggestions for alternative quality products at a better value. These alternative products offer an average of 20% return.

Although some state and local restaurant associations may offer discounts on food and paper, GPO's like Axis Purchasing, leverage billions of dollars in purchasing power via its collective power with a top purchasing organization. With an open book philosophy, members enjoy thousands of products with both manufacturer cash incentives and off-invoice pricing. Axis has staked their reputation on member success and continually reviews purchases against the portfolio for opportunities to reduce spend. These services are available with no long-term

commitment and no direct fees.

Let's recap the benefits of a GPO

- Added purchasing clout and lower prices
- Exposure to a broader selection of products and more optimal package sizes
- Access to manufacturer incentives and rebates (Yes, now you will get rebate checks like the big (higher-volume chain) "guys.")
- No additional paperwork or administrative burdens

Manufacturers benefit also

Manufacturers benefit because they maintain a prolonged relationship with the end user - you, the decision maker. They also gain access to a known database of customers with whom they can test new items.

The "bottom" line: GPO's work

GPO's help thousands of foodservice providers from multi-unit restaurants, emerging chains, lodging, education and healthcare to leverage their collective buying power. Without switching to lesser quality product, reducing control, changing suppliers or adding to administrative burdens, a GPO will take you to the next step up in purchase efficiencies and bring serious savings.

About Us

Axis Purchasing focuses on increasing your purchase and operational efficiencies; we bring the right product, at the lowest cost with the most efficient vehicle to your operation.

We offer a \$6 billion group-purchasing portfolio built on 350 foodservice manufacturers – many that you use right now. Our program includes rebates, contract pricing and a deep analysis of your purchases so we





Why Foodservice Organizations Win with GPO's

October 2013

can offer options. You maintain complete control, keep your distributor and there are no out of pocket expense. If we save you money, we keep a small percentage as an administrative fee.

We are a consortium of experts that complement your existing staff. Our advanced skills include food, disposable and equipment purchasing, multi-level distribution (systems, broad-line and produce), and operations.

Our happy customers appreciate our true value, not just cheap prices. That is why we have quickly grown to thousands of foodservice locations. Find us at www.axispurchasing.com or call TODAY to learn what you have been missing.