

# Saving time and money through consolidation.

## A procurement best practice case study.

Managing multiple suppliers for supply programs increases complexity, business risk and cost. Here's how Guild Mortgage Company was able to streamline its operations and gain major efficiencies.

### Executive summary.

Based in San Diego, Guild Mortgage Company has experienced rapid growth, expanding from 70 locations to 160 locations and from 600 to 1,800 employees in just a few years. To help the company meet its national growth strategy, Guild's procurement team has been working to streamline, centralize and consolidate supply spending. Each Guild branch location depends on having a reliable source of supplies for its business needs, from basic office fundamentals such as paper, ink and cleaning, coffee and snack items to printed supplies used for marketing, such as mailers, business cards, brochures and Guild-branded promotional products and giveaways. In the past, each Guild location maintained relationships with many different local vendors to provide these core supplies. But with branch locations expanding so quickly, a more efficient approach was needed.

Through a relationship with Staples Business Advantage®, the business-to-business division of Staples, Inc., Guild has engineered a program that channels all of its core business supply spend, with the exception of furniture and large IT purchases, into one program. Through the Staples Business Advantage ordering site, Guild employees can now purchase all core office, beverage, food and first aid supplies, as well as printed materials, in one place and have the items consolidated on one invoice. The company has a separate Web site where employees can order promotional products, featuring Guild-branded merchandise, benefiting from an increased selection of items and faster turnaround since proofs can be reviewed and approved online.

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The result? Guild has gone from managing 20 suppliers to 1, and has reduced the number of invoices it processes per week by 80 percent. Consolidation in the office supply category alone has resulted in \$30,000 in savings per month through improved product standardization. And workload has been reduced by 40 hours a month.

### The benefits of leaning on one supplier to do more.

The Guild example reveals an interesting trend emerging in the purchasing space. While the idea of consolidating suppliers within one category of spend, such as office supplies, is not new, many organizations like Guild are taking the strategy a step further, leaning on suppliers who can service all their general supply needs through one relationship. According to Pierre Mitchell, Director of Procurement Research at The Hackett Group, following a single-supplier strategy makes sense. The greater your spend with any given supplier, the more economies of scale you can achieve. But organizations also experience "soft cost" savings from reduced administrative work and overall increased compliance and spend management. "For organizations that have a small team handling procurement responsibilities, the supplier can act as an outsourced supply management option, which allows an organization to stay lean and nimble in a challenging economic environment," says Mitchell.

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For Guild, the reduction of suppliers has increased overall value realization in a number of ways.

- **Decreased administrative burden.** Formerly, Guild branches had to send all supplier invoices to the Guild home office for review and approval, where the invoices had to be manually coded and entered into the system. Now supply invoices are all consistently precoded with the correct branch code by the Staples invoice processing system and can be processed by Guild electronically, reducing the manual entry by AR billing. Billing for print materials is combined on the same invoice as office and breakroom supplies, so Guild's AP department has been able to save eight hours of work a week processing checks.
- **Decreased business risk through standardization.** As a mortgage company, Guild must comply with federal regulations requiring printing of license information on business cards and marketing materials. Because of the potential inconsistency resulting from branches using their own local printers, the company faced an increased risk of noncompliance, not to mention incorrect usage of the Guild logo and brand colors. Through the Staples Business Advantage ordering site, branch employees can now access all their printed materials in one place with compliant regulatory information and approved logo and branch colors built into the templates.
- **Improved compliance.** When local branches worked with many vendors for their needs, it was difficult for employees to keep track of which preferred vendor to use. This resulted in employees using the wrong vendor, adding to the overall cost of Guild's procurement programs. Having one vendor who can handle an umbrella of supplies has decreased confusion and helped increase compliance, especially since Staples is a trusted and well-known brand name. Additionally, Guild has been able to cut down on purchases that don't meet approval criteria by introducing recommended shopping lists on the Staples Business Advantage ordering site for common office and facility supplies, as well as printed materials.

- **Decreased time setting up new branch locations.** Guild's aggressive growth strategy requires that new branch locations come on board quickly. Now that it has a standardized program for every supply need, it's easier for new branches to get the office and marketing supplies they need quickly using preapproved shopping lists on their online site. The Staples local service model means there is a store or print center nearby to quickly turn around urgently needed products.

### Overcoming local resistance.

One of the challenges of consolidating suppliers is gaining buy-in to a mandated program. Guild found a few approaches to encourage employees to buy in and comply.

- **Establishing the business case.** In communicating the vision of supplier consolidation to local branches, Guild's procurement team has stressed the value back to the business in terms of savings. In current tough economic times, this has especially resonated with business managers.
- **Improving lines of communication.** The Staples® Account Manager provides the Guild procurement team with a direct line of contact to keep the program together, but each branch is empowered to reach out to product specialists with their category-specific question, for example, if there is a product they can't find for their promotional product, print or breakroom needs. This access to experts in a defined product area has made it easier for branch employees to accept the program, while easing the burden on procurement.
- **Compliance with local service needs.** Changes in government regulations require quick changes in printed materials. In the past, branches may have been able to find a quick solution working with a local print supplier. Because the Staples network is national, demand for quick turnaround for print materials can be handled easily. Additionally, through the use of Convenience Cards, employees can purchase supplies needed the same day at the Staples store at the corporate discount rate. This is important since most Guild branch employees are frequently traveling and on the road.

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- **Employee perks.** Employees can make personal purchases of items like tablets or Guild branded T-shirts on the Staples Business Advantage ordering site at a discount and reimburse the company, or they can order directly off of the Staples Promotional Products® site using their own credit card. This has helped with employee morale and gained buy-in to the program.

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### Making consolidation work.

Getting an organization to shift from old habits of working with many suppliers to fewer suppliers won't happen overnight. Change has to be introduced gradually. Guild found several strategies to work for them.

- **Bite off one chunk of spend at a time.** For Guild, office supplies provided the best testing ground for supplier consolidation since it was the largest area of spend and the most frequently purchased supplies. Local branches were very attached to their former suppliers, but once the branches were comfortable with Staples Business Advantage and its ordering site, it was easier for them to adopt purchasing other items through the site.
- **Communicate — a lot.** To drive adoption, the Guild procurement team has found regular communication and the use of mass emails to be effective. When it first introduced the Staples Business Advantage office supply program, emails were sent from the home office and trainings were set up. The home office followed up with employees who did not attend training to get them to register for additional sessions.

- **Establish accountability.** Consolidating suppliers is great, but it's natural to expect people to fall into old habits of using local suppliers. Guild has established policies to make sure noncompliant spend is a one-time affair. If branch employees happen to purchase outside the Staples Business Advantage program, they are reimbursed for the purchase, but told that the next purchase would need to be paid personally by them.
- **Find the right supplier who can take it all on.** Not all suppliers are able to handle every supply need. When trying to achieve the strategy in the past, Guild found the ability of suppliers to communicate and coordinate the many pieces to be lacking. Today, Guild is able to operate a nationwide supply program by leaning on the Staples team to run and manage everything. This has freed up the procurement team to focus on other strategic initiatives.

### The future.

Guild's story of consolidation continues to evolve as the company explores new opportunities to establish standardization and consistency. The company is currently working with Staples Business Advantage to include another large area of unconsolidated spend — mice, headsets, keyboards and other technology items — in their program. They are also exploring managed print services to help drive down printing costs across their locations.

Theresa Cherry, Senior Vice President Production at Guild Mortgage Company, remarks, “As our business grows, it's good to have a supply partner who can scale up with us and be that virtual one-source provider to enable all of our employees to work efficiently and productively.”

**To learn more visit [StaplesAdvantage.com](https://www.staples.com/businessadvantage).**

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