

E-Sourcing For Non-Profits

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E-sourcing can deliver tremendous savings for non-profit organizations. Paladin Associates Inc recently performed two pro bono e-Sourcing events for a charity that provides nutritious meals for the gravely ill, helping people better manage chronic disease through comprehensive nutrition and education. The organization has grown into one of the largest home-delivered meal providers in the US, serving approximately 3,500 clients and 4,500 meals each day, with estimated annual food and related product purchases of \$3.9 million.

This non-profit has a paid staff, but relies on hundreds of volunteers to package and deliver meals. Many responsibilities are performed by the financial and operations staffs, but there is no procurement operation to focus on obtaining the best value for the dollar. They do not have the sourcing resources to do much except ask for price decreases from their suppliers. Competition has not been employed to achieve best value.

To create a competitive landscape, Paladin contacted key existing and potential suppliers of various food categories, packaging materials and cleaning supplies. Paladin conducted sourcing projects utilizing Ista's SmartSource e-Sourcing solution to gather information and evaluate sourcing options. An initial e-RFI solicited various information from potential suppliers. An evaluation of the responses determined which suppliers advanced to the next stage of the sourcing process. Successful e-sourcing events require the support of the stakeholders and, in this case, the cooperation was exceptional! Evaluators from the non-profit assisted in scoring RFI responses to arrive at a weighted average score for each bidder. The charity also provided good specifications for the various food and packaging products, as well as volume requirements and baseline pricing. They were very responsive in reviewing various RFI drafts to ensure their accuracy and appropriateness.

As a result of this excellent collaboration and the competitive environment created via e-Sourcing, these initiatives generated savings of \$740K (19%) on the \$3.9 million spend. This savings will fund an additional 700 meals per day, enabling an expansion of current services. Importantly, it demonstrates to donors how the charity leverages the value of their contributions, just as for-profit businesses increase stockholder value.

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