## Unearthing the true cost of multiple suppliers



As the world starts to recover from the economic damage caused by Covid-19, businesses will undoubtedly need to start looking at ways to become more profitable in order to survive.

Procurement departments are usually first under the microscope, and many procurement teams tasked with finding cost-saving initiatives will usually start by sourcing cheaper products and services.

But even if you are paying the lowest price for your products and services - it doesn't necessarily mean you've paid the lowest cost overall.

## Consider the cost of the procurement process too

If you only look at the price of the item you're buying and not any other factors that add to the overall cost, you won't know the true cost of procurement.

Although procurement costs won't be seen on an invoice, they can add up pretty quickly.
Think about the administrative overhead costs associated with having multiple suppliers. Employees have to spend time receiving, processing, reviewing and approving each invoice as it comes into the business. The invoice then moves on to the accounts payable team who pay and track each supplier.
Depending on the internal processes, the costs associated with this administrative task can range from anywhere between $\mathbf{£ 5 0} \mathbf{- £ 4 0 0}$ per invoice!

These hidden costs are often not reported - but they can hugely affect your bottom line and stop your business from being profitable.

## Consolidate your suppliers

A proven strategy for many businesses is to reduce costs through supplier consolidation.
When managed correctly, supplier consolidation can reduce administration costs, reduce purchasing costs and reduce risk, as well as improving supplier relationships.

## Reduce administration costs

With fewer suppliers to handle, the costs involved in setting up a supplier in internal systems, completing transactions and managing the relationship significantly decreases.

## Reduce purchasing costs

There is a common misconception that working with multiple suppliers is a more cost-effective approach as it gives the buyer the chance to 'shop around' for the best price.

But by spreading your budget across a number of suppliers your purchasing power decreases.

## Reduce risk

Relying on fewer suppliers will significantly reduce risk to your business. With fewer suppliers to manage, your business can better focus on securing all the applicable risks throughout the supply chain.

## Improve supplier relationships

When there are fewer suppliers to manage, it becomes easier to focus on building relationships with core suppliers.
By consolidating you supplier base, the core suppliers will get a larger piece of your market share, which increases your purchasing power and creates lower prices for your business.

## How much could you save by bringing your metrology and weighing equipment calibrations under one, trusted supplier?

We calibrate a full range of metrology and weighing equipment and offer volume discounts on bulk orders. With one contact to deal with and one invoice to process you could significantly reduce the hidden costs of managing multiple suppliers and help make your business more profitable.

