



GPO FAQs ANSWERED

What is a GPO?

A GPO (Group Purchasing Organization) is a platform that leverages the collective buying power of its members to obtain volume discounts from suppliers and retailers. This group purchasing method motivates suppliers – vendors of products and services – to give GPO members discounted pricing. When you join a GPO, its network grows, increasing your power buying as well. The more members, the bigger the discount, giving you access to savings you wouldn't be able to get on your own.

How does a GPO work?

Compared to Fortune 500 companies, most people and businesses only spend a modest amount in a particular category, such as office supplies or parcel shipping. Because purchasing is all about volume, you end up paying more since you only need a little bit. When you join a GPO, you're able to leverage the collective buying power of a group of people, meaning you can take advantage of those "bulk" discounts without actually purchasing more.

Is there a membership fee?

GPOs typically make money via administration fees. While the fee is sometimes paid by the members, premier GPOs like Una never charge its members. The price is covered by the group's suppliers. Free membership might sound too good to be true, but the reasoning is simple. Suppliers are incentivized to pay admin costs because they are guaranteed an increase in volume sold.

I'm a small business owner. Is a GPO right for me?

One of the most common misconceptions about GPOs is that they're only helpful for small businesses. But the truth is, that's rarely the case. Even if your organization is a Fortune 500 company with a fully developed procurement team, partnering with a GPO will likely improve your contract discounts in at least one category.

Will a GPO lock me in?

Participating members are not obligated to utilize a GPO holistically. Members leverage category offerings and services based on their unique needs and where the most value can be driven. A GPO member can choose to participate in one supplier agreement or many and are free to use said agreements as much or as little as desired.

What if I can save more money on my own?

It is possible that your organization could negotiate your own contracts with your own suppliers, however this won't be true for every category. The beauty of a group purchasing organization is that it helps increase your buying power in areas where you wouldn't be able to get a discount based on your amount of spend. You can save money on the things you need to run your business, without having to actually purchase more.

How much could my organization be saving?

While actual savings will depend on your company's annual spend, and may vary by category, Una members typically see an **average savings of 22%** in categories like corporate travel, office supplies, shipping, JanSan and MRO, and more.

Group Purchasing Organizations

Frequently Asked Questions

What is a Buying Group?

A buying group is an organization typically comprised of small businesses that come together to negotiate as a larger group in hopes of securing better pricing and terms with vendors and suppliers. While oftentimes used synonymously with group purchasing organizations, buying groups usually charge membership fees and rely on members to do the negotiating themselves.

Can a GPO help across all industries and verticals?

Yes. GPOs originally got their start in the early 1900s helping hospitals save on medical costs. Since then, the group purchasing concept has reached far and wide, helping businesses within the private sector save money as well. Vertical GPOs serve a niche segment of industry, like dental offices or veterinarian clinics. Horizontal GPOs serve organizations spanning all markets and industries offering assistance on a broad spectrum of goods and services, mostly related to indirect spend.

How do I choose the right GPO to work with?

When partnering with a GPO, we suggest finding one that aligns with your own company's values and culture. Transparency and understanding the GPO relationship is key. Everything from membership fees and participation to purchasing expectations and the suppliers they work with should be explained so there aren't any surprises once you begin buying.

What type of suppliers do GPOs partner with?

As a group purchasing organization, Una brings you a diverse supplier portfolio filled with some of the nation's top suppliers. Una members have access to a robust supplier portfolio offering pre-negotiated contracts across six key spend taxonomies. This means we'll be able to find savings and spend management solutions in several spend categories.

Will a GPO replace myself as a sourcing professional?

No, partnering with a GPO gives you a chance to continue delivering on cost savings while also freeing up some time so you can focus on other long-term strategic initiatives. Instead of vetting suppliers and negotiating contracts, you're able drive value that goes beyond saving money. Una works as an extension of your procurement team, enhancing its relevance within the organization.

Beyond saving money, what are the other benefits of joining a GPO?

Not only can GPOs save you money, but they can also bring balance to the negotiating equation because they already have relationships with vendors and suppliers in place. Allowing a GPO like Una to facilitate your purchasing needs means that you will receive benefits in other areas as well, such as supply chain management, procurement, cost comparison tools, member programs and insight into purchasing data and analytics - all absolutely free.

What else do I need to know?

A GPO alone doesn't provide a comprehensive procurement outsourcing strategy. GPOs focus on driving value to a broad set of categories that can have a meaningful impact on a large number of participants. Partnering with a GPO not only generates hard-dollar savings in the selected categories, it also enables corporate procurement to redirect freed-up resources to focus on other more strategic areas.

Ready to start saving?

Learn more and join for free at
www.una.com

