Turning Procurement Into a Profit Center

The CFO's Guide to a GPO Partnership

A practical guide for finance leaders evaluating how group purchasing can improve margins, increase procurement ROI, and unlock measurable value.

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Introduction

The traditional view of procurement as a back-office necessity is fading. For many organizations, it has long been treated as a cost center - an operational function responsible for managing purchases, controlling spend, and supporting the business. In that model, procurement consumes budget rather than contributing measurable financial return.

But that view is outdated.

For the modern CFO, the focus has shifted from simply managing expenses to identifying untapped levers for value creation. This requires moving beyond a "spend money" mindset toward a "make money" strategy and rethinking procurement's role entirely.

The best procurement teams do far more than process POs and negotiate contracts. They improve margins, reduce leakage, accelerate sourcing cycles, strengthen compliance, enhance spend visibility, and build resilience across the organization. In doing so, they generate financial impact that extends well beyond their own operating cost. That is what makes procurement increasingly worthy of profit-center thinking.

This guide is designed to help CFOs evaluate one of the most practical and immediate ways to accelerate that shift: partnering with a group purchasing organization (GPO) like Una.

We work alongside your existing procurement strategy to unlock savings, reduce process friction, improve visibility, and support broader financial goals. Our goal is to turn procurement into a faster, more strategic driver of financial performance.

The Cost Center Trap vs. The Profit Center Reality

In many organizations, procurement is still categorized as a cost center. It's funded because it is necessary to operate, and its performance is judged by budget discipline, headcount efficiency, and its ability to enforce policies and control spend. In this model, success is defined by how well procurement avoids costs or stays within budget.

A profit center mindset shifts the focus from cost control to value creation.

It doesn't mean procurement suddenly "owns revenue" like a sales function. It means procurement is measured by the economic value it generates relative to its cost through hard-dollar savings, cost avoidance, working capital improvements, contract compliance, and stronger supplier leverage.

This shift is increasingly backed by procurement benchmarks. For example, Precoro defines procurement ROI as total annual savings divided by the total cost of running procurement, with strong performance typically falling in the 7:1 to 10:1 range. In other words, every dollar invested in procurement should ideally return seven to ten dollars in value.

At its core, this is a change in how savings are viewed.

To a CFO, savings often show up as reduced COGS or OpEx. To a profit-center-oriented procurement team, those same savings represent liberated capital that can be reinvested into innovation, R&D, growth initiatives, or market expansion.

When procurement evolves from a reactive, policy-enforcing function into a proactive driver of value, it stops being a bottleneck and starts becoming a lever for financial performance.

For CFOs, the question is no longer, *"How much does procurement cost us?"* It becomes, *"How much value does procurement return and how can we increase that return faster?"*

Reframing Procurement ROI

Old Question (Cost Center Thinking):
"How much does procurement cost us?"

New Question (Profit Center Thinking):
"How much value does procurement return (and how fast can we scale it)?"

Why CFOs Are Rethinking Procurement

Finance leaders are under pressure from every angle: margin compression, inflationary input costs, stakeholder demands for efficiency, and growing expectations for visibility and control.

At the same time, many procurement teams are being asked to do more without proportional increases in headcount or technology investment.

That is why the most forward-looking organizations are reclassifying procurement from a support function into a strategic value engine.

At Una, we see procurement as a business enabler that supports savings, efficiency, risk mitigation, and broader business growth.

Procurement sits at the intersection of spend control, supplier strategy, compliance, and operational efficiency.

Improve procurement performance, and you often improve EBITDA quality, forecast reliability, and cash discipline at the same time, all of which are central to a CFO's mandate.

Procurement Benchmarks for the Profit Center

If procurement is going to be evaluated as a true driver of financial performance, it needs clear, measurable benchmarks. For CFOs, these benchmarks provide a practical way to assess whether procurement is operating as a cost center (or performing like a profit center with meaningful EBIT impact).

General procurement benchmarks offer a useful baseline for comparison across savings, spend under management, cycle time, compliance, and cost to serve. Where possible, industry-specific benchmarks add even more value, reflecting the unique supplier dynamics and cost structures of your business.

Together, these metrics create a clearer picture of where procurement stands today and where it can improve.

Just as importantly, benchmarking highlights where a GPO partnership can accelerate results. Gaps in performance often point to categories where internal leverage is limited or where too much time is spent chasing incremental gains.

A GPO helps close those gaps by providing immediate access to stronger pricing, pre-negotiated contracts, and more efficient sourcing pathways.

5 Procurement Benchmarks for CFOs

- **Average Category Savings**
- **Operating Efficiency & Value Capture**
- **Spend Under Management**
- **Procurement Cycle Time**
- **Total Impact on EBITDA**

Average Category Savings

The most immediate indicator of procurement performance is cost reduction across categories. Traditional internal teams often generate 3% to 5% annual savings through standard negotiations.

By contrast, organizations leveraging a GPO can achieve average savings of **18% to 22%,** particularly in indirect spend categories. This delta represents a direct and immediate margin opportunity.

Operating Efficiency and Value Capture

A high-performing procurement function is not just effective, it's efficient. Leading organizations achieve **20% to 30% gains** in operating efficiency by reducing transactional work and focusing on strategic activities.

At the same time, they minimize value leakage (typically by 3% to 12%) ensuring negotiated savings actually reach the bottom line.

Spend Under Management

Spend under management is one of the clearest indicators of procurement's influence. Many organizations manage only 60% to 70% of total spend.

World-class teams push that number to **85% or higher**. Greater spend coverage reduces maverick purchasing, increases compliance, and gives CFOs stronger visibility and control over capital allocation.

Procurement Cycle Time

Speed is a critical, and often overlooked, driver of value. Traditional sourcing cycles for complex categories can take weeks or months.

With access to pre-negotiated contracts through a GPO, that timeline can **shrink to just days**. Faster cycle times mean quicker savings realization and greater agility in responding to market changes.

Total Impact on EBITDA

Ultimately, procurement's role as a profit center is measured by its impact on overall financial performance. Leading procurement organizations - those that combine cost savings with strong engagement, compliance, and execution - can drive EBITDA margin improvements of five percentage points or more. This is where procurement moves beyond operational support and becomes a strategic lever for enterprise value.

For CFOs, benchmarking is more than a diagnostic exercise. It's a roadmap that answers not just where procurement stands today, but where the greatest opportunities exist to unlock value faster.

Where Traditional Procurement Performance Plateaus

Even capable procurement teams can plateau.

The most common barriers are:

- Limited buying power in indirect and tail spend categories
- Too much unmanaged tail spend and maverick purchasing
- Fragmented supplier bases across departments or locations
- Limited category expertise in non-core spend areas
- A shortage of time for strategic sourcing due to transactional workload

That plateau is where finance often starts to feel the drag. Savings flatten. Contracting cycles remain slow. Teams spend too much time running sourcing events that generate modest returns. And procurement gets judged as overhead because its value is real but not fully unlocked.

This is the gap a GPO is specifically designed to close.

70%

of Una members recently surveyed reported feeling pressure to deliver cost savings prior to joining a GPO.

57%

of members cite lack of resources and time along with limited buying power as roadblocks to savings.

43%

of members needed help implementing better spend and category management strategies

How a GPO Partnership Facilitates the Pivot

Evolving procurement into a true profit center requires more than a mindset shift. It requires a reallocation of time, resources, and leverage. This is where a group purchasing organization moves from being a tactical tool to a strategic partner.

At its core, a GPO changes the economics of procurement. It gives your organization access to greater purchasing power, stronger supplier terms, and pre-negotiated contracts that eliminate the need to start from scratch in every category.

For CFOs, the result is clear: faster time-to-value, lower cost to capture savings, and a more efficient path to measurable financial impact.

Rather than replacing procurement, a GPO strengthens it, helping teams unlock value in areas where internal leverage is limited or where the effort required to source outweighs the return.

Immediate Margin Improvement via Leveraged Spend

The most direct way procurement operates like a profit center is by maximizing ROI on spend. Internal teams often lack the scale to negotiate best-in-market pricing across indirect categories like shipping, office supplies, and MRO.

A GPO solves this instantly. By tapping into Una's **$100 billion** in collective buying power, organizations gain access to pre-negotiated contracts that typically deliver **18% to 22% savings.** That translates into immediate margin improvement without the time and cost of running a full sourcing event.

Faster Time-to-Value and Savings Acceleration

Traditional sourcing cycles can take weeks or months requiring supplier discovery, RFPs, negotiations, and stakeholder alignment before savings are realized.

A GPO compresses that entire process. With established supplier agreements already in place, procurement can move from identifying an **opportunity to capturing savings in a fraction of the time**. This acceleration is one of the most important financial advantages for CFOs: savings show up faster, and the organization becomes more agile in responding to market conditions.

Reclaiming Time for High-Value Work

The cost of delay (and distraction) is often overlooked. When procurement teams spend dozens of hours managing low-impact sourcing events, they lose the ability to focus on strategic initiatives.

A GPO reduces that burden by handling the heavy lifting of supplier sourcing, vetting, and negotiation. This **frees internal teams** to focus on higher-value activities like supplier innovation, cost transformation, and cross-functional initiatives that drive competitive advantage, not just incremental savings.

Lower Cost to Capture Value

Not all savings opportunities are worth the internal effort required to pursue them. In many categories, the cost of running a sourcing event can outweigh the potential return.

A GPO improves this equation by delivering ready-to-use savings opportunities with minimal internal lift. Procurement teams spend less time on repetitive tasks and more time where they can create outsized impact and, in turn, improving the overall ROI of the function.

Professionalizing Tail Spend and Improving Visibility

Tail spend, often the **unmanaged 20%** of spend across a fragmented supplier base, is a common source of inefficiency, leakage, and poor visibility.

A GPO helps bring that spend under management by consolidating purchasing through pre-negotiated contracts. The result is fewer suppliers, stronger compliance, reduced maverick spend, and clearer visibility into where dollars are going. For CFOs, that means more predictable cash flow and tighter financial control.

Better Control, Compliance, and Financial Outcomes

With centralized contracts and supplier frameworks, organizations can simplify purchasing, improve adherence to negotiated terms, and reduce value leakage.

This creates a more controlled procurement environment - one where savings are not only negotiated, but fully realized.

Closing the Savings Realization Gap

One of the clearest ways to evaluate a GPO partnership is to compare what procurement typically delivers on its own with what can be achieved when dramatically increased buying power, established contracts, and faster access to savings are brought into the picture.

Most procurement teams balance strategic sourcing work with a long list of lower-value category work that takes time and effort to manage. This is often where the benchmark gap appears. Internal teams may be capable of finding savings, but the time and effort required to source, negotiate, and activate those savings can slow down results and limit overall return.

A GPO helps close that gap by acting as a savings accelerator in categories where speed, leverage, and efficiency matter most. With pre-negotiated contracts and supplier relationships already in place, organizations can shorten time-to-value and begin realizing savings faster than they would through a traditional sourcing process alone.

At Una, we create the most value in indirect spend categories and across the spend tail, where fragmented purchasing, lower leverage, and limited internal capacity can make savings harder to capture efficiently.

The Real Financial Case for CFOs:

A GPO partnership can help procurement extend its reach, unlock savings in harder-to-manage areas of spend, and improve the overall return generated by the function.

Case Study: Six-Figure Shipping Savings

A medical equipment and digital healthcare company ships and receives millions of dollars' worth of packages each year. Shipping is business-critical, but rising costs and limited procurement resources were making it difficult to secure favorable rates and deliver savings quickly.

The Challenge:
The company needed a trusted shipping partner, stronger pricing, and a faster way to reduce costs without adding internal procurement burden.

Una's Solution:
After an initial discovery call, we conducted a spend analysis across several shipping providers and connected the company to pre-negotiated contracts backed by established supplier relationships.

The Results:
The company is now saving more than $650,000 per year in shipping costs. They achieved 23% savings and were able to start saving within one month of contract connection.

Redefining the Procurement Role

A GPO model alters the core function of the procurement department. When the administrative burden of sourcing is removed, the procurement professional becomes an internal consultant.

They transition from being the *"department of no"* to being the *"department of how."* This change is vital for any business looking to maintain agility in a volatile market.

A GPO provides the data analytics necessary for this shift. Una offers transparency into spend patterns that many CFOs may not have the time or tools to uncover on their own. With this data, procurement can identify where the business is overpaying for services that do not add value, then pivot those funds toward initiatives that do.

The procurement professional evolves into an agile problem solver. Instead of managing 50 individual vendors reactively, the team focuses on strategic supplier innovation, packaging redesign, supply chain resilience, and cross-functional cost initiatives that create competitive advantage.

The Evolution of the CFO-Procurement Relationship

For CFOs, the way procurement is viewed and supported has a direct impact on financial performance. When procurement is treated as a cost center, it often becomes a target for budget cuts and efficiency mandates. But when it is recognized as a profit center, the conversation shifts. Procurement becomes an investment: one that is expected to generate measurable returns.

A GPO partnership plays a key role in enabling that shift. It acts as a form of augmentation, equipping procurement teams with the tools, data, and external leverage they need to create value at scale. Rather than stretching internal resources thin, CFOs can extend their team's capabilities without increasing headcount.

This is where the model becomes especially powerful. Strategic sourcing through a GPO allows organizations to remain lean while accessing the benefits of significantly greater purchasing power, supplier networks, and negotiated expertise. It is a way to scale procurement output while optimizing input - delivering more value without adding cost.

For CFOs, this reframes procurement from a resource drain into a predictable driver of financial performance. Savings become more consistent. Visibility improves. Margins strengthen. And procurement evolves into a function that contributes directly to enterprise value.

If procurement isn't being evaluated through this lens, there is a strong likelihood that value and margin is being left on the table.

Evaluating a GPO Partnership: Key Questions for CFOs

Not all GPO partnerships deliver the same level of value. For CFOs, evaluating the right fit goes beyond headline savings. It requires understanding how effectively a GPO can integrate with your organization, accelerate results, and support long-term financial goals.

When evaluating a GPO, consider the following:

Coverage Across Your Spend

Does the GPO offer strong contract coverage across your most relevant categories, especially high-impact indirect spend areas? Depth and breadth matter. The more aligned the contract portfolio is to your actual spend, the greater the opportunity for meaningful savings

Proven Savings and Time-to-Value

What level of savings can the GPO demonstrate, and how quickly are those savings realized after contract activation? Look for clear benchmarks and real-world examples that show both magnitude and speed of impact.

Transparency and Visibility

Will you have access to clear spend analytics and reporting? A strong GPO should enhance, not obscure, your visibility into purchasing activity, compliance, and savings performance.

Flexibility and Ease of Engagement

Are there purchasing minimums, long-term commitments, or restrictive contracts? The best GPO partnerships offer flexibility, allowing you to adopt contracts where they make sense without forcing compliance.

Ongoing Support and Supplier Management

Does the GPO provide active support beyond contract access? This includes supplier relationship management, issue resolution, and continuous optimization to ensure you capture the full value of the partnership.

Alignment with Your Procurement Strategy

How well does the GPO complement your existing team? A strong partner should integrate seamlessly—augmenting your capabilities, not competing with them.

For CFOs, the goal is not simply to "join a GPO," but to select a partner that can consistently and efficiently translate procurement activity into measurable financial return.

Conclusion

If procurement is measured only by what it costs, it will remain a cost center in the minds of many finance leaders. But if it is measured by savings generated, leakage prevented, contracts activated, cycle time reduced, and ROI improved, the picture changes entirely.

That is the real opportunity in a GPO partnership.

A GPO like Una can help procurement move faster, extend its reach, and generate more measurable financial return from categories that are often under-optimized. For CFOs, that means procurement becomes easier to justify, easier to scale, and a function with the genuine capability to improve margin and enhance profitability.

Turning procurement into a profit center is a practical way to ensure the function is a predictable contributor to the financial health of the enterprise. It is time to stop viewing procurement as a drain on resources and start seeing it as a strategic driver of value.

Interested in learning more?

Get in touch to learn how Una can help transform your procurement function from cost center to profit center.

Visit www.una.com to get started.

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