

Case for VRM4 ALL

Anyone in an organization that touches a vendor or partner relationship on a somewhat regular basis (25-40% of all staff typically) will be able to access the VRM4 ALL – the Vendor Relationship Manager. VRM4 ALL users can access it at their desk or via a PDA to help their organization to source, select and manage on-going relationships by sharing their opinions about and experiences with a vendor across their team. Promises and issues are documented and resolved.

We have estimated how VRM4 ALL can help a firm based on spending \$1,000,000 per year on outsourced products and services from vendors & business partners.

With 20 users of VRM4 ALL, an organization should:

Negotiate with more intelligence/knowledge...

- Results and performance of each vendor on each project/contract are documented and available to be shared now and well into the future with other potential buyers/users across an organization. Similar to (Much like) individual employee performance reviews, it is important to document opinions and experiences in order to remember the ups and downs throughout the year or the life of the vendor relationship. This gives buyers the information to negotiate with and achieve positive results.
- The VRM4 ALL not only helps an organization manage more vendors and larger relationships more effectively, but it also helps buyers/users grow relationships through collaboration, as well as, helping to make the cases to consolidate the number of vendors to gain purchasing power.
- VRM4 ALL gives buyers access to discounts that have been granted and/or promised on prior projects/contracts.
- With VRM4 ALL you can expect to negotiate at least **5% off of contract renewals** by having an easy access central "vendor intelligence" hub to help when negotiating future vendor contracts.

This should translate into **savings of \$50,000/year**.

Get what you pay for and then some...

- Reduce the risk and cost of not getting full value from your vendors. Many vendors' promises are never fully delivered to their Customers.
- Some estimate that 15% of purchased value is lost to under performing vendors.
 - By tracking performance and documenting promises/issues with vendors & partners over time, it makes all stakeholders, including the vendors, more accountable for results and the deliverables. This leads to less mistakes and less value shrink.
 - When vendors are aware that a performance metrics tracking process is in place, more vendors will voluntarily "**stretch**", and to try to exceed their client's expectations to grow the relationship.
 - Also without the tracking of performance and completion, many projects and contracts potentially fall 10-20% short of the results sought. This short-fall costs money.
 - By raising the service levels promised and delivered by your vendors, an organization can receive up to an additional **8% ROI** on vendor spending.

This should translate into an extra **\$80,000 of value**, annually.

Time Saving...

- **Time efficiencies gained** through sourcing, selecting and managing on-going relationships. Today everyone is well aware that one of the biggest time-wasters in business are meetings; and vendor meetings are a large part of this.
- **Save on the cost of dealing with 'visible' costs** (i.e. time responding to vendor emails, phone calls, inquiries from vendors, handling their information and meetings) which are surprisingly high across an organization, but the **'hidden' costs** (such as "lost opportunities") are, perhaps, most dramatic.
- Bottom-line: VRM4 ALL is a system that reduces the amount of time that staff spends on "low-value" activities ('visible' costs). VRM4 ALL provides immediate and long-term payback to your company from more strategic efforts.
- Save 'visible' costs, based on each decision-maker's activities to engage a vendor is approximately \$7,000/year, of which about **50% of this time can be saved**. Therefore, with 20 employees using VRM4 ALL the company will save 162 hours per year per user. This is translated into a total **savings of 3,240 hours per year** to free staff up to do more strategic work.

This should translate into an extra **\$70,000 to \$100,000 of value**, annually.

Combined Value Generated by 20 users of VRM4 ALL...

	Low-end	High-end
Better Project Management, Negotiation from a "Position of Knowledge" and reduced mistakes	\$ 40,000	\$ 60,000
Get what you pay for and then some	\$ 70,000	\$ 90,000
Value of time saved on meetings & vendor communications, so that Employees Engaged in Higher-value Work	\$ 70,000	\$ 100,000
Additional Value per year	\$ 180,000	\$ 250,000

Therefore, if a firm invests \$14,160 per year to have 20 VRM4 ALL users, the resulting productivity gain should be 15 times their annual investment. Imagine the savings and efficiencies to be gained if your firm spends more and you have more users.



VRM4 ALL – IT Company Profile Example

See below the number of VRM4 ALL users at a company with 70 employees

Departments With VRM4 ALL	Professional	Administration	HR/Training	IT	Total # of Employees
Estimated # of. Employees in Department	10	25	5	30	70
# of VRM4 ALL users with regular vendor contact	6	5	3	11	25
VRM4 ALL User Benefits	Productivity gains Buy smarter	Enhanced service levels	Increased Collaboration & communication	Easy to use & Low cost	

Note: - All departments have vendor contact. However, IT & Marketing, sales & customer support will have a larger need and will benefit from a far more effective vendor relationship management.
 - Advanced VRM4 ALL application user fees range from \$40-65/user/month.

VRM4 ALL – Legal Firm Profile Example

See below the number of VRM4 ALL users at a Legal Firm with 200-300 employees

Departments With VRM4 ALL	Professional	Administration	HR/Training	IT	Total # of Employees
Estimated # of. Employees in Department	100	100	15	10	225
# of VRM4 ALL users with regular vendor contact	50	70	10	7	137
VRM4 ALL User Benefits	Productivity gains Buy smarter	Enhanced service levels	Increased Collaboration & communication	Easy to use & Low cost	

Note: - All departments have vendor contact. However, IT & Marketing, sales & customer support will have a larger need and will benefit from a far more effective vendor relationship management.
 - Advanced VRM4 ALL application user fees range from \$40-65/user/month.

**Contact Connect4Growth to start using VRM4 ALL for your organization
 1-866-862-8514 ext 10**

www.connect4growth.com