
The Business Case for the “VRM4 HR” system

Learn why it only makes *good business sense* to use the **Vendor Relationship Manager for HR / VRM4[™]HR** system to “optimize” your vendor relationships.

This *Business Case* is your support document to justify a wise investment in **VRM4[™]HR**.

Learn...

- What the VRM4 HR system is, why it was developed, and how easy it is to use.
- What the “hard numbers” are on VRM4 HR - savings for both your people and your organization. You will see the kind of impact the system can have in monetary terms. *Translate* these “dollar-savings” into the ability to pursue new “opportunities” that you haven’t had the time or the resources for previously.
 1. “Doing the Math” on Time Savings from Having Employees Engaged in Higher-value Work
 2. Saving time when decisions have to be made, and information exchanged, *but no one has time for a meeting.*
 3. Adding value, through Better Vendor Management by Encouraging Vendors to “Stretch”, and Exceed YOUR Expectations
 4. The Bottom Line is...The VRM4[™]HR will more than pay for itself in a very short time period.

Connect4Growth provides its clients and vendors with professional and responsive “connection” advisory services as well as being the market-leading provider of vendor relationship management technology.

The **VRM4 Series**, an ASP software systems, also referred to as the **Vendor Relationship Manager**, is Connect4Growth Corp’s core *high-tech* product.

The company offers its HR clients two versions:

- **VRM4[™]Training** – to optimize vendor selection & management related to the training and development function.
- **VRM4[™]HR** - to optimize vendor selection & management related to the HR function.

VRM4 HR or Vendor Relationship Manager for HR - refers to the VRM software specifically created to help Human Resource and Organizational Development managers track and manage relationships with Vendors that typically sell products and services to the Human Resources department. This software gives Users access to Vendor Profiles of vendors that provide HR outsourced services, including but not limited to training, assessments, consulting, recruiting, software and coaching services. The Member will be able to view only the Vendor Profile of Vendors who were invited by the Member to register and become part of that Member’s Vendor Group. VRM4 HR includes all of the features that VRM4 Training has.

VRM4 Training or Vendor Relationship Manager for Training - refers to the VRM software specifically created to help training managers track and manage relationships with Vendors that typically sell products and services to the training department. This software gives Users access to Vendor Profile information relating most types of training, assessments, and coaching services offered by a Vendor posted in a Member’s Vendor Group. The Member will be able to only view Vendor Profiles of those Vendors who were invited by the Member to register and become part of that Member’s Vendor Group. A company can start using the VRM4 Training and then add the functionality and greater information of the VRM4 HR later.

The *Business Case for VRM4™ HR*

Introduction Business Case for the “VRM4™HR” system will be of interest to senior decision-makers in corporate HR and Organizational Development and Training departments, purchasing departments and related executives. These key stakeholders need to find new ways to achieve business results for their organizations while gaining efficiencies and reducing operating costs when purchasing business services.

As creators and marketers of this innovative technology product, we present this document as both qualitative and quantitative justification to help make a sound purchasing decision for the *VRM4™ HR system*.

Why the Vendor Relationship Manager System was Developed

- Connect4training’s (the division of Connect4Growth specializing in vendor relationships with trainers, coaches, consultants and other related firms) clients expressed their need for efficiencies in managing the *over-abundance of contacts* with vendors in the form of materials (printed and electronic) from vendors, phone calls and emails received. They want a better way to manage their relationships with vendors.
- VRM4 HR is ALSO a *purchasing decision support tool*, a “*knowledge management tool*”, and a *communication tool* for corporate decision-makers and administrators of HR.
- VRM4 HR helps corporations achieve their best return on their investments (ROI) on training, consulting, coaching, and process improvement initiatives.
- To help keep information in an internally maintained database up-to-date and relevant. (a typical challenge for most organizations is solved by this “virtual filing cabinet”)
- To do away with most inefficient paper-based vendor files that occupy and clutter valuable corporate office space, and make file retrieval much faster and easier.
- Significantly reduce time spent in meetings discussing vendor selection matters and making decisions. VRM4 HR offers time and cost savings.

Overview of the Benefits of the Vendor Relationship Manager System

Corporate projects aimed at building “human capital (i.e. assessment, consulting, training, coaching, and ongoing employee development projects), require a significant investment. VRM4 HR is the vehicle to create and internally-maintain a database specifically for training, consulting, recruiting, software, coaching and assessment vendors, and therefore support that investment. VRM4HR’s benefits for the HR, Training and purchasing departments are:

1. Secure web-based technology, VRM4 HR provides enhanced local, national, and global inter- & intra-division communication regarding their experience with vendors and their track records.
2. “Optimized” vendor relations for future initiatives, with timely, and confidential sharing of “vendor knowledge”, with centralized documentation of results achieved by vendors.
3. Time savings when pre-qualifying vendors in a search, with VRM’s query (search)

engine.

4. Increased negotiating “leverage”, by knowing and using the best contract terms secured previously anywhere in the corporation and by capitalizing on central buying power.
5. No IT staff support, and minimal administrative resources required to install and maintain VRM4HR (your own “virtual filing cabinet” is available on-line and accessible 24/7, from any internet connection).
6. 80-90% of the database information is entered and maintained by a 3rd party (primarily by the vendors themselves and partly Connect4Growth staff)
7. Easier “apples-to-apples” vendor comparisons. When a vendor ‘registers’ in the database, they provide information about their capabilities, methodologies, approaches, and industry experience. With this type of ‘vendor-qualifying’ information provided earlier in the process, issuing a costly formal RFP may not be necessary.

“Maximizing” Your Resources with the Vendor Relationship Manager System

1. “Doing the Math” –Time Savings in Employees Engaging in “Higher-value” Work

The cost of dealing with phone calls and inquiries from vendors, and handling their information is surprisingly high. We’ve listened to our clients, and what we’ve learned forms the basis of our cost calculations. The ‘visible’ costs (i.e. time responding to vendor emails and phone calls) are quite significant, but the ‘hidden’ costs (such as “lost opportunities”) are, perhaps, most dramatic. **Bottom-line:** VRM4 HR is a system that slashes the amount of time staff spends on so-called “low-value” activities. It can provide an immediate AND long-term payback to your company.

We encourage you to do your own calculations based on your own experience and data.

Your organization’s / team’s “spend” on Calls from Vendors		
	Calculations	Impact
<i>Weekly</i> total time expenditure	25 calls per week x 15 min. Initial contact* duration	375 min/week, 6.25hrs/wk
<i>Annual</i> total time expenditure	375 min/wk x52 wks	19,500 min/yr, 325 hrs/yr, or 40.6 days/yr
Simple dollar costs of staff time expenditure, based on an average annual salary of \$45,000/year or \$22/ hour (does not include employee benefits of 15-20%)	\$22/hour in wages x 325 hrs/yr	\$7150x70%**=\$5000 (70% “saving” on wages paid to an employee to handle vendor calls)

Not included in the costing calculations above are: (but aided by VRM4 HR)

- Face-to-face meetings with new or potential vendors who think they may have a solution for the client.
- Reviewing sales materials/program literature, distilling information, and recording it into your database or contact management software
- **Opportunity costs** – Although it is hard to quantify, these “hidden costs”, they may cause the most pain. What “higher value” tasks, could your employee(s) be doing IF they were NOT spending as much time dealing with vendor information? Instead, staff COULD be engaged in more “strategic” duties like planning or designing projects, building better internal customers relations, or building relationships with key vendors.

With Connect4Growth's VRM HR system a member (client) can realistically expect to reduce by a very high 60-80%** the time spent on all vendor communication and on information collection & maintenance. This reduction translates into a hard dollar savings of \$5,000 (roughly equivalent to a Standard VRM membership annual fee). And, this is before a member saves *even more* when they use VRM4 HR's search and selection power to cut the time spent qualifying vendors to fill their needs to purchase services. *Imagine just how beneficial an “extra 325 hours per year” of staff time to apply to strategic business goals would be!!*

**Included in the 15 minute initial contact costing calculations above are:*

- Voice mails, e-mails and initial telephone discovery conversations with new vendors
- Time spent researching and data-entering new vendor information into a database

2. Saving time when decisions have to be made, and information exchanged...but no one has time to meet.

VRM Saves on Meeting Time, when no one has time to meet.

Everyone these days is well aware that one of the biggest time-wasters in business is meetings. Here, what we are concerned with specifically are meetings or ‘events’ where decision-makers meet “live”, or, virtually (such as conference call, web-meetings or videoconferencing), to make decisions concerning use of external service vendors. Since the stakes and risks in these kinds of decisions are relatively high, this type of decision making process, to determine how, or whether, to use (a) particular vendor(s), is typically done by a team or a committee, **not** in isolation by one person. And, it is probably safe to say, the greater the number of people involved in the decision process, the greater the need for communication and meetings, and therefore, the more costly and time-consuming it is to meet face-to-face or virtually.

At various stages of the process, meetings with the parties concerned are inevitable in order to accomplish tasks such as -- getting approvals, buy-in's, or exchanging important information. VRM4 HR improves communication and the exchange of information, and enables organizations to streamline and automate (at least partially) their meetings.

We propose that using VRM4 HR, along with other electronic communication tools including e-mail systems, you can effectively **trim 50% off face-to-face and real-time virtual meeting time.**

It is true that all large organizations have the means to link decision-makers electronically so they can communicate online with each other. Up until the advent

of VRM4 HR, what has been missing was the ability for organizations to have fast and easy access to information on the vendor(s) they are considering for a project. Also missing was the means to be able to give decision-makers access to common source for information pertaining to their histories and experiences with the vendors that are part of the decision process.

Since, for every organization, decision-making processes will differ widely, it would be difficult for us to accurately quantify VRM4 HR's cost-savings from reduced meeting time. However, spread out over several key people, the amount of time they might spend in meetings, and the opportunities that might be lost as a result of them committing that time to meetings, will be significant.

Below is a scenario that, in our experience, may be typical:

Participants:

- Mid-level managers, Senior Coordinators

Task:

- Planning and discussing vendor involvement in an initiative or intervention (training, consulting, assessment, coaching)

- Finalizing a vendor selection, and negotiating/re-negotiating contract terms

Process:

Discussion and strategy project planning meeting	2 hrs.
Meeting to discuss initial vendor solutions findings	1.5 hrs
Second meeting to finalize a vendor shortlist	1 hr
Meet with 3-4 vendors (2 hrs each x 3-4)	6 hrs (min)
Several conference calls to clarify offerings - 1 hr per vendor	6 hrs (min)
Meet to discuss and assess findings	2 hrs.
Meet with vendor (selected) to finalize agreement & plan project deployment	2 hrs (min)
Conference calls - design & develop program (2 people x 4 calls x 45 min.)	6 hrs (min)
Conference call, wrap-up meetings	3 hrs
Meetings & or conference calls throughout duration of vendor engagement	5 hrs
Total meeting time commitment (assuming 3 participants):	33.5 hrs x 3 people = 100 hrs.
With the help of VRM, you should save 50% of this time, in order to achieve your goal,	50 hours
Simple dollar costs of management time expenditure, based on an average annual salary of \$55,000/year or \$24/hour . (these calculations do not include significant opportunity costs and other intangibles which are beyond the scope of this analysis to calculate)	\$26 x 50hrs. \$1,300.00x5 searches/yr. = \$6,500.00

The table above is merely a *sample analysis* of the amount of **meeting time** that a group of decision-makers might typically require for the process of engaging a vendor on a project. We are confident that it, roughly, is representative of the process that many organizations would follow, and certainly does NOT overstate the amount of time that would be required.

Consider that this scenario represents only ONE initiative/project. Multiply this over several projects. If you are able to **save approximately 50% on EACH project**, how many more *growth opportunities* would your firm, now, be able to pursue?

We suggest that you do your own cost calculation, factoring-in: your organization's own process for selecting vendors for projects, the number of people who are involved in the process, and the challenges they would have in communicating with each other and in reaching these types of decisions. We propose that, by using VRM4 HR system your organization will be able to keep your decision-makers more productive and focused on the most important thing - actually making the best strategic choices in vendor selection.

3. Dollar Savings with Better Project Management, and Negotiating from a "Position of Knowledge"

Let's work out some additional cost-savings based on the conservative assumption of \$1,000,000 per year members spend on services from external vendors.

The **Advanced VRM4 HR system** (includes an optional *Project Management Module*)

- Lets members track relationships with vendors over time.
- Having a central "knowledge source" helps when negotiating future vendor contracts. VRM4 Training allows for accessing/recording of vendor performance ratings and the discounts they granted on prior projects.
- Conservatively, VRM4 HR Members should be able to negotiate at least **3% off of renewals**.
- An expected 3% negotiated savings on a \$1,000,000 budget, would be \$20,000/yr.

The **Standard VRM4 HR system** (without an optional Project Management Module)

- Members can negotiate better rates and track relationships over time.
- Negotiated savings in the range of 2-3% can be achieved (with a bit more effort than with the Advanced VRM4 HR).
- Members can expect to save \$10,000/year

3. Adding value, through Better Vendor Management, by Encouraging Vendors to "Stretch", and to Exceed YOUR Expectations

With VRM4 HR, members can track vendor commitments and compare them against desired and measured results. When vendors are aware that performance metrics are in place, and that each project's results produced by the vendor are communicated to other potential customers across the company, vendors will voluntarily "stretch", and to try to exceed their client's expectations, and grow the relationship.

Connect4HR estimates that a VRM4 HR member can expect to gain an additional **5%, and possibly up to 10%**, additional 'value' from their vendors. Using the **Standard VRM**, members can receive an additional 5% ROI. And, by using the **Advanced VRM** (with Project Module), they can receive up to an additional 10% ROI from a vendor. This translates into \$40,000 to \$90,000 added value, annually.

Why
Connect4Growth
and the Vendor
Relationship
Manager System
(VRM) Makes
Good Business
Sense System

The Bottom Line is...

Connect4Growth, including its division Connect4Training, is a client-focused company with an impressive track record of success with corporations that use external vendors for training, coaching, consulting, recruiting, software, and process improvement. They have built a reputation as their clients' 'strategic partner'. They know the vendor marketplace well, and offer their clients a variety of solutions to help them meet their need to develop their human capital and grow their corporations. Their clients, including many Fortune 500 and other global companies, value Connect4Growth's ability to find, present "the right" vendor choices, and expedite the purchase of these kinds of business services.

Investing in the VRM4 HR system...

Connect4Growth suggests that the quantitative, as well as the qualitative justification for VRM is compelling. Below is a summation of the calculations presented above. The Low-end represents what a company can expect from using the **Standard VRM4 HR** (\$9,500/yr.) to improve communications about your vendor decisions. The Higher-end return can be attained by using the **Advance VRM4 HR** with many of your users communicating.

	Low-end	High-end
<i>Employees Engaged in Higher-value Work</i>	\$ 4,000	\$ 6,000
Better Project Management, and Negotiating from a "Position of Knowledge"	\$15,000	\$25,000
Time saved on Meetings (5-10 projects/initiatives per year)	\$ 5,000	\$ 8,000
Encouraging Vendors to Stretch	\$40,000	\$ 90,000
Total Savings per year	\$64,000	\$129,000

About
Connect4Training
and
Connect4Growth

- Founded in 1992 – as "connection advisors" to corporate training managers
- Creator and developer of the "Vendor Relationship Manager System" (VRM)– a web-based solution for tracking and managing vendor relationships
- A business services firm with 12-year's experience supporting and enabling corporate clients to purchase training, consulting, and other services with *less risk*.
- "Matchmakers" for the international outsourced HR services marketplace, and the most *objective resource* for external solutions for human capital development needs
- Developer of a network of over 2500 training and consulting vendors
- With a roster of corporate clients, including several *Fortune 500* companies, they help companies not only build their human capital, but also achieve *growth*.
- The VRM system is based on Connect4Growth's expertise gained from working and communicating with hundreds of corporate clients and vendors over the past 12 years.
- The VRM system is the only product of its kind on the market.
- The VRM system is robust, and offers low cost, 24/7 access to information for selecting and managing services vendors.

Development of
the Vendor
Relationship
Manager System

Their technology solution, the **Vendor Relationship Manager System - VRM**, lets Connect4HR provides their clients with considerable value and cost savings over time. Members can save time and money, and, at the same time, deploy their key people where they are MOST needed – on the important strategic projects that will have an impact on the organization.

We invite you to learn more about Connect4Growth. Test-drive the VRM4 HR System yourself to see how well it fits your organization. Contact us today for vendor relationship management solutions.

VRM4 HR helps you to optimize vendor relationships, and cost-effectively solves the challenge of ***So many vendors, so little time!...***

Connect4Growth Corporation

866-862-8514 or 416-272-0715

info@connect4growth.com

www.connect4growth.com and www.connect4training.com