

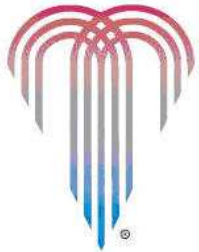
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# City-Wide Spend Analysis

Procurement Services Division

General Services Department

CITY OF FOUNTAINS  
HEART OF THE NATION



KANSAS CITY  
MISSOURI

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## Finance & Audit Committee

February 10, 2010

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# Scope of the Analysis

- To gain a better understanding of City spending patterns
  - Total volume for all goods and services
- To identify cost-saving opportunities that:
  - Make a cost-reduction impact as quickly as possible
  - Enhance future strategic sourcing activities
- To provide a roadmap for implementation

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# The Process

- Collect and Analyze Data
  - Verify and/or re-classify transactions from multiple data sources (PeopleSoft, Procurement Card)
- Define Projected Opportunities and Savings
- Create Implementation Plan
  - For each identified opportunity:
    - Execution steps, save-tracking methodology
    - Cost-benefit of implementation
- Select and Execute

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# Specific Deliverables

- City-wide spend analysis
  - Evaluation of overall organizational spend, analyzed by department, supplier, and spend categories
- Detailed spend category analysis
  - Assessment of the spend and opportunity in each spend category
- Saving opportunity roadmap
  - Specific cost-saving strategies that can be pursued based on the spend category analysis
- Implementation plans
  - High-level plans, costs and save estimates for the implementation of high priority and “quick win” cost-saving opportunities

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# Results

- Cost-Saving Opportunities for specific categories
  - Projected 5-20% of total spend
- Cost-Reducing Impacts
  - “Quick Wins” *Short-term initiatives*
    - Leverage total spend across Departments for those common goods/services to achieve better pricing levels/contract terms
    - Ensure application of existing contracts
    - Utilize cooperative agreements, when applicable

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# Results (Continued)

- Cost-Reducing Impacts
  - “Strategic Transformations” *Longer-term initiatives*
    - Additional joint procurement opportunities with area governmental entities
    - Further use of the Procurement Card program for higher rebates and greater efficiencies
    - Creation of monitoring and tracking processes
- Implementation of Sourcing activities identified as high-priority areas