

The Top Four Reasons for Financial Institutions to Automate Procurement

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Compare Your Performance to Your Peers

It's a fact; the purchase order process is expensive and time-consuming. Finding more savings through effective cost containment is a primary concern for the executives of financial institutions. A manufacturing and supply management company with nearly two decades of experience specializing in providing banks and credit unions a supply management program to streamline and enhance their purchasing operations, has identified four common practices financial institution clients use to help them meet procurement challenges. Understanding these practices is beneficial in validating and challenging a financial institution's current methods and practices. The four success factors are:

BRAND PERFORMANCE

The U.S. financial services industry is at a critical stage; for financial institutions it's all about the brand. Financial institutions are working to regain the trust of consumers. This puts a new premium and greater emphasis on building strong, trusted brands. Building a strong brand is necessary for financial institutions to thrive. The findings indicate financial institutions should adopt systems that increase the equity of its brand. This will **build a strong, cohesive, integrated brand across the enterprise**. It's imperative a brand be managed not only by product, but at the location-level as well.



COST CONTROLS

New regulations designed to protect consumers have put pressure on financial institution profit margins. It is crucial for financial institutions to manage the number of approved vendors and products to a **pre-approved cost controlled list**. It's more expensive and labor intensive to manage, source and quote with multiple suppliers providing the same category of products, i.e., print items, bank supplies, marketing items, promotional and apparel items, etc.



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OPERATIONAL EFFICIENCY

Automating the purchasing system gives more control over what is being ordered, streamlines processes, standardizes products, improves buying power and decreases errors. The average financial institution with a low level of automation spends \$15.70 to process an invoice, almost 20 times as much as companies with a high level of automation where the cost can be as low as \$0.741. In addition to having a system to manage requisitions and reorders, an independent knowledge base of ordering history is created that is invaluable in the future. The results indicate financial institutions should implement systems that enhance and improve current purchasing operations.

Cost Controls and Operational Efficiency can reduce supply expense within an organization by 18 to 30%.

REPORTING

Internal controls are fundamental to the effective functioning of all organizations, particularly to financial institutions, in creating sustainable value for their stakeholders. Effective executive management reporting is a necessity for financial institutions, especially at this critical time for the financial services industry. The results indicate financial institutions should implement reporting process systems that produce effective, high-quality executive management reports. They provide financial institutions invaluable and strategic information on a monthly basis, and provide data to ask pertinent questions, control and consolidate costs, verify information about spending, identify spending patterns and trends, address costs before they get out of control, and set and monitor budgets based on actual use.

References available upon request.

About Safeguard

Safeguard provides integrated business and marketing solutions and a unified suite of services for a company's go-to-market needs, and all are delivered with the highest level of service. We are an end-to-end, single-source provider designing, manufacturing, fulfilling and distributing from locations throughout North America. Safeguard uses a high-touch and high-tech combination of products, services and solutions. Safeguard Consultants have worked collaboratively with organizations to manage, market and grow their companies for more than 55 years. Our mission is to help businesses acquire and retain customers. Building your brand efficiently and effectively while streamlining day-to-day operations that's the Safeguard way!