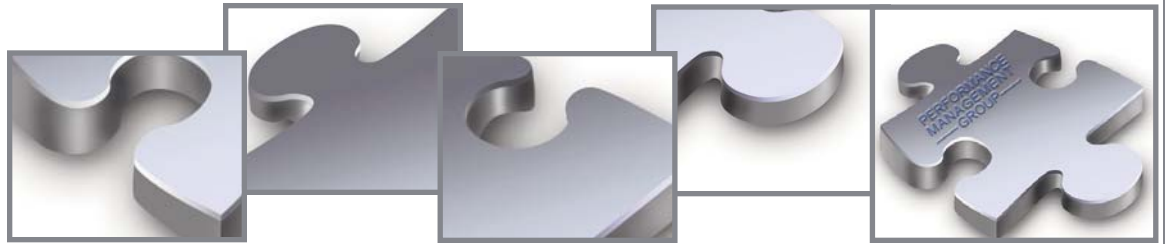


PMG's Strategic Purchasing and Development Services

PERFORMANCE MANAGEMENT GROUP

Innovative Purchasing
Solutions



In today's competitive market employees are asked to do more with less. Many cost-cutting opportunities lie in strategic purchasing and are often overlooked by executives. Reasons for ineffective purchasing in organizations range from resource constraints, decentralized or fragmented approach, excessive spot-buying practices, poor procurement policies, processes and tools and high employee turnover which results in excess suppliers and inconsistent practices.

Performance Management Group (PMG), can assist your organization with strategic purchasing development and training to increase operational efficiency, reduce expenses and optimize suppliers. PMG's experienced staff will provide a road map and step-by-step guidance to your purchasing resource(s) to offer immediate cost reduction and increased bottom-line profits.

PMG's proven approach will shift your staff from non-value producing tactical activities to value added strategic accomplishments that have measurable return on investment. PMG guarantees a positive return on your investment before the engagement concludes. In a 6-8 week period, PMG will help your organization redefine your purchasing processes and controls, and achieve results.



Benefits of PMG's Purchasing Development and Training Services

- ▶ Increased operational efficiency
- ▶ Reduced purchasing costs for services and supplies
- ▶ Increased job satisfaction and reduced employee turnover
- ▶ Increased capacity to adopt new technologies and method
- ▶ Increased purchasing control and policy compliance
- ▶ The use of new purchasing processes that can be leveraged to any category

PMG's Purchasing Development and Training Services

Innovative Purchasing Solutions

Key Deliverables for PMG's Strategic Purchasing and Development Services

- ▶ Purchasing Scope and Mission
- ▶ Purchasing Strategies and Current Year Objectives
- ▶ Organization Design and Position Responsibilities
- ▶ Activity, Performance Measures and Scorecard
- ▶ Key Purchasing Processes and Tools
- ▶ How to Most Effectively Prioritize Purchasing Opportunities
- ▶ How to Successfully Conduct Sourcing and Solicitation of RFP's and RFQ's
- ▶ Techniques to Follow-up With Suppliers to Ensure Compliance
- ▶ Specific Targeted Training for Purchasing Staff
- ▶ How to Think Like a Purchasing Executive
- ▶ How to Execute a Value-Added, Strategic Purchasing Plan

About Performance Management Group

Performance Management Group (PMG), a supplier independent Twin Cities based Purchasing Services Provider (PSP) was founded in 1992 to improve purchasing processes, optimize suppliers, reduce costs and transform business efficiencies; all resulting in improved operational performance and increased profits. As a leading PSP, we offer results-oriented, experienced purchasing professionals with extensive national, regional and local expertise in 100+ operating expense categories of supplies, services and equipment. Our list of satisfied clients includes some of the largest single store, multi-location, and mega clients in the nation.

**ABC Auto
123 Dealer
Anywhere**

Date _____

Vendor _____
Vendor Address _____
Vendor City, State Zip Code _____

To Whom It May Concern:

Congratulations! This is to notify you that of your company as our preferred supplier Request for Quote(RFQ) process.

This was a very thorough and competitive of business requirements, a review of your response to the RFQ process has been for our organization.

Please contact the following to coordinate development of an implementation plan.

Thank you for your cooperation. Please call questions.

Sincerely,

Supplier Award Notice-Copyright 2008

Performance Management Group
Category Recommendation

Revised 11/20/08

| CRP Background Information | | | | | | | |
|---|--------------|----------------|---------------------------------------|-----------------|----------------------------|-----|-----|
| Date | 11/28/2008 | Client | ABC Automobile | Category | Auto | | |
| Cat. Owner | I Smith | OSM/S Spec | SW/JHW | QH# II# | 580 | | |
| Current Supplier(s) | | Current Vendor | | | | | |
| * Side source all forms purchased between dealerships and considerable forms where applicable. All locations use Vendor 2 to the large extent. | | | | | | | |
| Client Category Objectives: | | | | | | | |
| Client Category Strategy | | | | | | | |
| RFQ | x | Responsible | x | New Specs/Other | | | |
| PMG Recommendation | | | | | | | |
| * PMG Recommends moving all your printed forms to Vendor 1. As a result you will save an estimated \$75,817 annually or 21% over your previous annual spend of \$121,756. | | | | | | | |
| Client Business Requirements | | | | | | | |
| Reqs. | Previous | Proposed | Reqs. | Previous | Proposed | | |
| Agree Term Brands | 12-24 months | 12 Months | Invoice Summary Monthly by Dealership | Yes | Single Sales Standard(POL) | Yes | Yes |
| Cus. Service | M-F 8-5 | Yes | Lead Times: 2 Days | Yes | Time/Materials | Yes | Yes |
| Mail Freq. | | Yes | Mail Freq. 4x weekly | Yes | | | |
| Utility Pricing | Yes | Yes | Packaging: As determined by Client | Series | Training | Yes | Yes |
| Drug Screen | | Yes | Pay. Terms: 2%/10 net 60 | Net 30 | Transportation | | |
| Info. Reports | monthly | Yes | Price Protect: 12-24 months | 12 Months | Warranties | | |
| Inspection | | | 24 hour turn copy | Yes | | | |
| Insur./Bonded | | | Proofing: References: | | | | |
| Inform Order | Yes | Yes | Return Policy: | | | | |
| Client Benefits | | | | | | | |
| Area of Benefit | Previous | Proposed | # Change | % Change | | | |
| Spend - Cost Savings | \$121,756 | \$95,938 | \$25,817 | 21% | | | |
| Supply Base | | | | | | | |
| Soft Cost | | | | | | | |
| Build Deal Desk | | | | | | | |
| * Fixed pricing for 1 | | | | | | | |
| * One supplier at a | | | | | | | |
| * Schedule Audit | | | | | | | |
| * Review of new pri | | | | | | | |

Client - Draft Dealership Purchasing Policies

Purpose of Purchasing Policies

- The purpose of these purchasing policies is to provide guidance and instruction to all employees concerning the purchasing philosophy, business practices, processes and controls employed in the purchase of capital items, supplies and services.
- It is the responsibility of all employees to adhere to the policies defined herein.

Purchasing Philosophy and Approach

- Our organization seeks to procure the highest quality equipment, supplies and services, at the most competitive price.
- Category Owners are decision-makers with purchasing, contracting and/or invoice authority for a particular category. Our employees will avoid entering into supplier contracts whenever possible as contracts usually contain terms-conditions that are not favorable. Our preferred approach is to enter into a pricing agreement with our suppliers through the quote process, in which they agree to honor all quoted price, terms and conditions for 12 - 24 months.

Purchasing Service Provider - Performance Management Group (PMG)

Performance Management Group (PMG) has been retained as our purchasing services provider (PSP). In that role, PMG is responsible and has authority for:

- Gathering of spend, usage and last price paid information through internal reports, supplier reports and supplier invoices
- Development of category requirements with category owners
- Development of category specific quotes with suppliers
- Sourcing and qualification of suppliers interested in retaining or earning our business.
- Development of category recommendations
- Supplier communications
- Implementation of supplier programs
- Measurement and reporting
- Periodic supplier audits

PMG does not have authority to make supplier selections, or commit funds on behalf of our organization.

Quoting Policy

It is the policy of our organization to formally quote all purchases that meet the following criteria:

- Capital purchases in excess of \$500.00
- Repetitive purchases of supplies and services

The Request for Quote (RFQ) is an information gathering and quoting tool, used by our organization for all purchases defined above. The RFQ is not a bid process and as such, does not obligate us to accept the lowest quote of all the quotes received. RFQ's will be coordinated by our PSP, Performance Management Group.

PMG PurchasingPoliciesTemplate (2)
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