## **HOW DO I CONTROL MY TAIL SPEND?**

Tough economic conditions means looking for fresh hunting grounds in cost reduction and control. Most organisations have already applied rigorous strategic sourcing techniques to the majority of their spend, this means turning their attention to the tail spend.

# WHAT IS TAIL SPEND?

The unmanaged or 'lightly' managed spend, typically **20%** of the total spend with the following characteristics:



Low value transactions spread across numerous suppliers

One-off purchases

## **SETTING UP FOR SUCCESS**

Leakage

Recurring

Apply Category Governance

Assign opportunities to existing category stategies

Analysis & Stategy Development

Segmentation of Tail Spend Rapid Sourcing

Leverage rapid value drivers to deliver quick wins

Panel Establishment

Identify and contract shortlist of preferred suppliers Catalogue Enablement

Maximise utilisation of existing cataloguing capabilities

Ad-hoc

**Spot Buy** 

Facilitate competitive bidding process

P-Card

Drive efficient purchasing and reduction in transactions

## **TYPICAL BENEFITS INCLUDE**

### Savings



6-20% through competitive bids, direct negotiations, compliance to contract.

#### **Control**



Enhanced visibility and procurement reach, increased spend under new and existing contractual arrangements.

### Efficiency



Guided buying, reduction in low value/ one-off suppliers, reduction in process steps, cycle times and transactions.

