

## Office Supplies Purchasing – There’s more to it than you may think!

*An RTPS whitepaper*

---

Office Supplies – paper, toner, pens, folders, etc. – is one of the few expenses that almost every organization incurs. No matter if you’re a non-profit, for-profit, public sector, large or small – odds are you need to buy supplies to support your operations.

This widespread and common need has resulted in no shortage of sources for these types of supplies. You can find a staple remover in almost every corner store, never mind the big box retail chains. For business-to-business needs, any number of large or small commercial suppliers will deliver right to your desk. And you’d certainly be hard pressed to find any group buying program without some sort of Office Supplies offering. Office Supplies are a simple necessity of running almost any organization and there are plenty of suppliers who are willing to fulfil that need.

We’d argue, however, that selecting the best source of supply and deciding how best to purchase these products are not as simple as they may seem. Given the amount of money spent on these supplies – estimates range between \$200 and \$1,000 per employee per year – you might consider paying a bit more attention to this seemingly innocuous area of spending. To that end, here are some points to consider when you’re pondering your expense budgets. Hopefully some of these tips will help you save some valuable budget space... and perhaps get you thinking more “strategically” about Office Supplies!

**#1: Know WHERE your money is being spent.** Seems obvious, right? The reality is that organizations are often surprised to find out how little they know about where their Office Supplies budget is being allocated. This involves knowing where money is being spent, and it’s usually a combination of many sources: retail stores, on-line websites, commercial suppliers and personal expenses. A quick review of your accounts payable records should give you better insight into which sources account for a significant portion of your total Office Supplies spending.

The source of your supply affects more than just the price you pay or the quality of the product you receive. Running out to a big box store to take advantage of the flyer price for BIC pens might save you a few cents, but it will cost you in staff time and potentially expose you to risks. The prices at the dollar stores sure are hard to beat... but what do you know about the quality or source of that box of highlighters that just saved you \$2?

We recommend the use of an established, service-oriented office supplies partner (one that has been selected through a structured selection process, of course!). A reputable company will offer a wide selection of products, on-line buying tools, short-turnaround delivery times, reporting capability and account management to support all your needs, while still keeping costs manageable.

*Of course, knowing where your money is spent goes hand-in-hand with the next tip...*

**#2: Understand WHAT you are buying.** This starts with being clear about what you consider to be included in “Office Supplies”. Many organizations will include basic office cleaning, kitchen and other “san/jan” products in the Office Supplies budget, and suppliers have been quick to include those

product lines in their sales pitch. Most of the time, Office Supplies includes highly used consumable items such as paper, toner/ink, pens, pencils, staples and folders. It also often includes common office equipment and fixtures such as waste bins, staplers, containers and simple tech gadgets. Some organizations even include rarely purchased but high-value items such as office furniture, shelving and more expensive IT products like keyboards and monitors.

Understanding the nature of what you buy will help you think about how you might best approach the purchase of these different types of items. For example, for some common-use items, consider trying generic/no-name brand products that often have similar quality at a much lower price. Working with your supplier to obtain a quote for a one-time high-cost purchase might be the best approach for more occasional needs such as office furniture, printed materials or technology, rather than simply buying from a catalogue.

Developing insight into your purchasing profile is much easier if you work with a single commercial supplier that can provide regular reports outlining the details of the items you are buying. Use these reports to identify patterns and anomalies and to better manage these expenses.

*One of the best ways to manage your Office Supplies spending is to leverage knowledge of your purchasing behaviour in order to...*

**#3: Develop your “Core List”.** A critical part of managing any Office Supplies budget is knowing what items should be on your Core List (i.e., those products that you purchase the most often and/or spend the most money on). Your Core List items will typically represent less than 20% of all the types of items you purchase, but account for at least 80% of your total Office Supplies budget. Knowing, monitoring and using your Core List is probably the most important strategy in managing your Office Supplies spending.

Good suppliers will work with you to identify your Core List and ensure that those items are most deeply discounted from their list price. Purchases of items outside of your Core List (“off-core”) are not typically discounted and in some cases may even higher than standards retail pricing.

Typically, the shorter your list of Core items, the deeper the discounts that suppliers will offer on those items - so it’s important to be selective about what gets included. It’s also important to clearly communicate and enforce the purchase of your Core List items within your organization... remember, suppliers make their profits on the off-core purchases so you should work to minimize those whenever you can.

It’s important to remember that your Core List need not be static. As your needs change, your Core List may change too, so be sure to review your Core against your buying patterns on a regular (at least annual) basis. And as mentioned above, suppliers are always open to discuss custom pricing for one-time, large purchases (for the opening of a new office, for example).

*Keep the concept of the Core List in mind as you tell your staff..*

**#4: Don’t chase Lowest Price.** We’ve addressed the notion of Total Cost vs Sticker Price in previous publications and the concept certainly holds true for Office Supplies purchasing. We’ve already mentioned the perils of taking staff time to run out to a store to take advantage of a weekly special. Don’t underestimate the Total Cost of this behaviour: the time and expense is obvious but the

associated risks are no less troublesome, and questions abound. What happens if your employee is in a car accident while shopping? What is the cost or risk of them being away from their assigned duties? What do you know about the origin or quality of those impossibly cheap supplies? Are you really saving anything when you have to replace your whiteboard markers three times as often? And the phenomenon of impulse buying is real - how much are you spending on unnecessary items because they were well displayed in a store?

In addition to Total Cost, the other important concept to keep in mind when buying Office Supplies is the notion of the “Market Basket”. Think about the price you pay in terms of an overall cost for all the products you need, not a price-by-price comparison at the item level. If you are spending less overall for your most common items, you’re winning the Cost battle without being drawn into the tedious item-by-item pricing trap.

Given enough time and resources, you can eventually find a lower price on almost any given item. But we have to ask – at what cost? If your Core List is managed well, you should be confident that the pricing on your high volume/cost items is competitive and that your spending will be minimized.

So, when thinking about the purchase of Office Supplies, remember these tips:

1. Know where you are spending your money, and with whom you are spending it. Go through a proper process to select your source of supply and leverage the capabilities of your partner to help you improve.
2. Know what you are buying. Decide what you’ll include in the scope of Office Supplies and use regular reporting to help you manage your spending.
3. Develop, manage and use your Core List. If you truly need a product, add it to your Core List and get the deepest discount possible.
4. Don’t chase Lowest Price. Use the concepts of Total Cost and Market Basket pricing to help curtail the time and effort wasted in worrying about getting the lowest sticker price on every item that you purchase.

While Office Supplies spending might seem like a simple area of your budget, by thinking of it more strategically you can create some benefits – in time, savings, quality and risk – that just might surprise you and have real impact on your organization.

---

***Round Table Procurement Services (RTPS) has partnered with the ONN to develop a preferred Office Supplies program with Staples Advantage. The selection of Staples was based on a formal, government-compliant selection process conducted by leaders in Ontario’s non-profit sector. The program is centred on a highly discounted Core List of common items but also has the flexibility to adapt to the specific needs of individual organizations. Learn more at [www.onnpp.ca/officesupplies](http://www.onnpp.ca/officesupplies).***