

# How Transparent Reporting Can Help Increase Savings and Improve Compliance

How Navigator Group Purchasing, Inc., the experienced leader in group purchasing for the senior living continuum, used its transparent reporting to show a senior care organization how to optimize its food budget and save through increasing compliance.



## Situation

A multi-location senior care organization offering skilled nursing, assisted living, and continuing care retirement communities engaged Navigator to identify cost reduction and savings opportunities within its food purchasing program. At the time, the organization had not yet worked with Navigator and found challenges in achieving transparency when determining purchase rebates and savings.



## Challenge

### Maintaining quality while satisfying diverse and growing resident needs

To continue meeting the needs of residents, the organization needed to streamline operational costs while maintaining the same product quality. In order to obtain these desired efficiencies, it would require changes to the food purchasing program, which was the organization's largest area of spend.

### Producing traceable and measurable savings

The organization understood that a quick savings solution would not be beneficial to business in the long term. To maintain industry prominence and a best-in-business strategy, it would need to adopt a program that generated traceable and measurable savings on a continual basis.



## Solution

### Thorough analysis of current purchasing methodology

Navigator started by analyzing the organization's cost of goods and service coverage through its current distributor partner, and used the knowledge gained to produce comparative customized reports that highlighted immediate food savings opportunities and forecasted gains.

### Fully transparent reporting

The Navigator team provided the organization with fully transparent reporting, which allowed them to monitor, track and benchmark its food purchases and identify specific cost reduction opportunities:

- The **Optimization Report** forecasted annualized net savings and improvements obtained by following detailed ordering guides that capitalize on available rebates.
- Navigator's **Volume Allowance/Rebate Report** provided a line-item view of rebates, which showed that all incentive opportunities would be properly tracked and utilized.
- The **Navigator 360° Report** displayed a comprehensive and interactive analysis of the organization's spending, identifying opportunities to increase savings through Navigator's aggregated purchasing model. This report contained three separate detailed sections showing spend by category, quarterly rebate and sales history, and spending by vendor. The Navigator team analyzed the data to identify current purchasing trends and how these could be successfully modified to lower costs and drive compliance.

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### **Utilizing Navigator's flexibility model to help lower costs on purchases**

Navigator's distributor neutrality model drastically expanded the purchasing possibilities available to the organization. Additionally, through Navigator's strategic partnership with Foodbuy, the nation's largest food service procurement organization, the organization was able to leverage high purchasing volume to lower pricing on key premium brands it was already ordering.

### **Increasing savings through compliance**

Navigator's Formulary Management team identified suitable food substitutions with higher rebates within its purchasing program, which allowed the organization to continue meeting residents' quality standards and also increase return on investment. By purchasing a new combination of national branded and distributor private label products, the organization was able to not only maintain quality but increase profitability as well.

### **Implementation of best practices**

Navigator's Formulary Management and Development teams worked with the organization's key leaders to develop optimized managed order guides which supported ongoing implementation of best practices. The collaboration between parties helped the organization build a stronger understanding of Navigator's purchasing programs and commitment to improving processes to drive savings.



### **Notable improvements in category spend and compliance**

The organization increased savings from 3% to 27% across multiple food categories after utilizing the recommended managed order guides on future purchases. Navigator's transparent reporting provided a clear understanding of purchasing behaviors and how they directly impacted spending, which led the organization to strengthen program compliance and immediately increased savings.

### **Discounted contracts on quality goods leveraged through Navigator's partnerships**

Navigator's distributor neutrality model and strategic partnership with Foodbuy provided the organization lower contracted pricing on preferred food products they had previously been ordering at a higher cost.

### **Long-term support from Navigator team to guide optimized purchasing behavior**

In addition to substantial savings and discounted contracts on quality food products, the organization gained a long-term support team to continually provide traceable and measureable results through transparent reporting. The benefits reaped from implementing improved purchasing behavior on food items led the organization to analyze its medical and business products and services as well; subsequently, the organization transitioned these purchases to Navigator's program which further increased overall savings, rebates and compliance.



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