



## ***Streamlining Operations with Automated Inventory and Procurement***

by Tina Stehle

In the current economy, it's more important than ever for casinos and casino-hotels to conserve resources and cut costs. One of the best ways to streamline operations is to automate inventory and procurement. Properties that do so typically report savings in the range of 5 percent to 15 percent through efficiencies as well as direct cost savings.

The benefits of e-procurement are numerous, including reduced inventory levels, improved financial control, shortened delivery time, elimination of paperwork and enhanced staff efficiency. Moreover, today's systems take inventory and procurement to an entirely new level with automated email bids, budget tracking, electronic invoicing, business intelligence functionality and the ability to route purchase requisitions for approval via email or PDA.

Forward-thinking properties are increasingly realizing that an automated inventory and procurement solution enables the purchasing function to become a valuable contributor to the organization's bottom line. Following are some of the top ways in which e-procurement can benefit a casino property.

### **Monetary Savings Can be Significant**

Automated solutions for inventory and procurement deliver big savings over manual systems – from reduced administrative costs to shortened procurement and fulfillment cycles. Eliminating manual processes, for example, increases staff productivity, and tracking data to secure vendor rebates can result in significant monetary savings.

An automated bid system can also drive down the cost of supplies by allowing procurement staff to increase the number of potential vendors and identify preferred suppliers. At larger properties, where purchasing responsibilities may be spread over several departments, an automated inventory and procurement solution can maximize buying power by consolidating orders, which typically lowers the cost per transaction and results in deeper volume discounts.

Automated solutions are particularly helpful in the food and beverage area, enabling purchasing staff to determine which items are 'high cost/low sales' versus those that fall into the more desirable 'low cost/high sales' category.

Finally, an automated inventory and procurement solution can streamline the entire purchasing process by reducing the number of variables involved. Purchasing staff can build their own electronic catalogs that include only those items the property is interested in ordering, allowing them to comparison shop online and save money in the process.

### **Eliminates Time-Wasting Activities**

An automated inventory and procurement solution also saves time by streamlining purchasing and inventory control. Tasks that once took hours or even days can be performed with a few clicks of a mouse. Staff no longer waste time matching receipts with deliveries or figuring out overly complex invoices.

An automated solution enables procurement staff to focus on the strategic elements of the job, because the administrative tasks involved with vendor management – such as soliciting bids and creating contracts – are reduced. As a result, purchasing managers can spend more time analyzing spend patterns and negotiating favorable terms with suppliers and less time overseeing administrative details.

A solution that includes bar coding enables even faster and more reliable inventory management. Staff simply scan inventory using the SKU or UPC code on each item; the system then captures and records the information.

The bottom line is an automated inventory and procurement system creates a more efficient business model, eliminating unnecessary and time-wasting activities and increasing profitability.

### **Up-to-the-Minute Inventory Counts**

An automated inventory and procurement solution also increases accuracy. Because staff are no longer required to re-key data from paper documents, clerical errors are reduced and mistakes in ordering minimized. Moreover, automated solutions link usage to demand, enabling properties to maintain up-to-the-minute inventory counts as well as obtain accurate operating costs, track the cost of sales and identify the best and worst performing cost centers.

For a growing number of properties, automated procurement solutions are also becoming a valuable business intelligence tool. Historical data is an important source of strategic information that helps many procurement professionals standardize products, comply with vendor contracts and make more intelligent purchasing decisions.

### **Viewing the 'Big Picture'**

In order to effectively negotiate with suppliers, properties must understand not only what they are purchasing, but in what volumes and at what price. An automated inventory and procurement solution can provide that information, giving procurement professionals greater leverage to negotiate price breaks, volume discounts and favorable payment terms.

Armed with details about spending patterns, purchasing staff

can view the 'big picture' and make fact-based decisions that result in cost savings and more accurate inventory counts.

Also, as global sourcing becomes more commonplace, automated inventory and procurement solutions enable properties to tap a worldwide market and negotiate more effectively with additional suppliers.

### **Curtails 'Maverick' Buying**

In a depressed economy, properties of all sizes are finding it necessary to standardize procurement processes and make sure employees are using pre-negotiated pricing. In fact, properties often cite compliance as one of the main reasons for implementing an automated inventory and procurement solution.

For procurement managers, an automated solution ensures that a single standard for buying a certain kind of product is enforced across the board. An automated inventory and procurement system also discourages 'maverick' buying, or the practice of purchasing items outside the preferred system. In some cases, maverick buying is simply the result of a lack of awareness; in others, employees may deliberately purchase outside of established arrangements. Regardless, the outcome can be costly, because the purchases do not reflect the discounts and other advantages that have been negotiated with preferred vendors.

Automated solutions help curtail rogue spending through approved vendor lists, pre-sourced catalogs and standard ordering and approval processes. Centralized tracking allows purchasing managers to monitor off-contract buying and ensures compliance with established contracts.

### **Bottom Line Difference**

In an industry where margins are tight and multiple departments often requisition items several times a day, it makes sense to automate inventory and procurement. An automated solution enables properties to reduce costs, save time, improve accuracy, enhance supplier negotiations and ensure compliance. The result is more streamlined operations, smarter purchasing decisions and increased control over the supply chain.

Although many properties are delaying technology purchases until the economy improves, automating inventory and procurement now will help optimize existing resources and prevent

unnecessary costs. Getting a handle on inventory can make a positive bottom line difference, in the short-term and well into the future. ♣

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