

Cross-Industry Report of Standard Benchmarks Glossary

Active Supplier: A supplier from whom you purchased goods and/or services during the reporting period.

Cost avoidance savings: The difference between prices for goods and services and the probable increase in prices during the reporting year if actions had not been taken to obtain reduced costs for the same goods and services.

Cost reduction savings: Realized by reducing the cost of the same goods or services purchased during the reporting period against the price paid in the previous reporting period.

Direct Spend: Spend for goods and services that can be identified with individual units of output. Usually treated as variable costs and does not include general overhead or common cost allocations.

Indirect Spend: Spend for any goods and services that are not directly identified with specific products or services, but related to normal operations. Indirect spend includes fixed cost and variable cost. Examples include MRO goods, office supplies, professional services spend, IT services, etc. If it is not associated directly with a unit of output, the spend (or cost) is most likely to be indirect.

Managed and/or controlled spend: Purchases carried out following company policies and procedures that meet one of the two following conditions:

- Purchases made by the supply management department.
- Purchases made directly by end users following policies, procedures, and commercial framework set up by the supply management department.

Operational employees: Supply management employees that are primarily engaged in day-to-day procurement activities that support an organization's standard procurement processes and procedures.

Organization employees: Total number of all employees in the organization (corporation, company, division, group, or business unit) for which you are reporting.

Professional training: Skills and knowledge attained for personal development and career enhancement that encompasses all types of facilitated learning opportunities. The total spend reported should not include salaries/wages.

Purchase order: A legally binding document prepared by a purchaser to describe the terms and conditions of a purchase.

Retention rate: Percent of employees who were employed at the beginning of the reporting period and remain with the company at the end of the period.

Strategic employees: Supply management employees engaged in long-range sourcing and procurement activities that are critical to the organization's ability to meet its core business objectives.

Supply Management Operating expense: All of the supply management group's salaries and payroll-related expenses (e.g., FICA, benefits); allocated expenses (e.g., space, facilities, equipment, utilities, telecommunications, information technology, etc.); and unallocated expenses (controllable expenses incurred such as travel, training, materials, and supplies). **Do not** include costs allocated to the supply management group on some basis for Corporate, Segment, or Business Unit management allocations.