




# IS THERE A CRITICAL SIZE FOR PURCHASING GROUP ?

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What does it mean CAIB ?  
Centrale d'achats et d'ingénierie biomédicale



GPO for two University hospitals, Geneva and Lausanne  
Total spending around 1 billion CHF (0,8 billion Euro)  
and agreement with three regional hospitals

The first idea, 15 years ago, was to be able to compete with  
our suppliers who came bigger and bigger with all the  
acquisitions in the medical market.



At that time we do not think about « critical size »



### Goals of the organisation

- To improve human resources
- To lower purchasing price
- To improve the quality of the purchasing process
- To share the information
- To standardize/normalize the manufactured products



Critical size



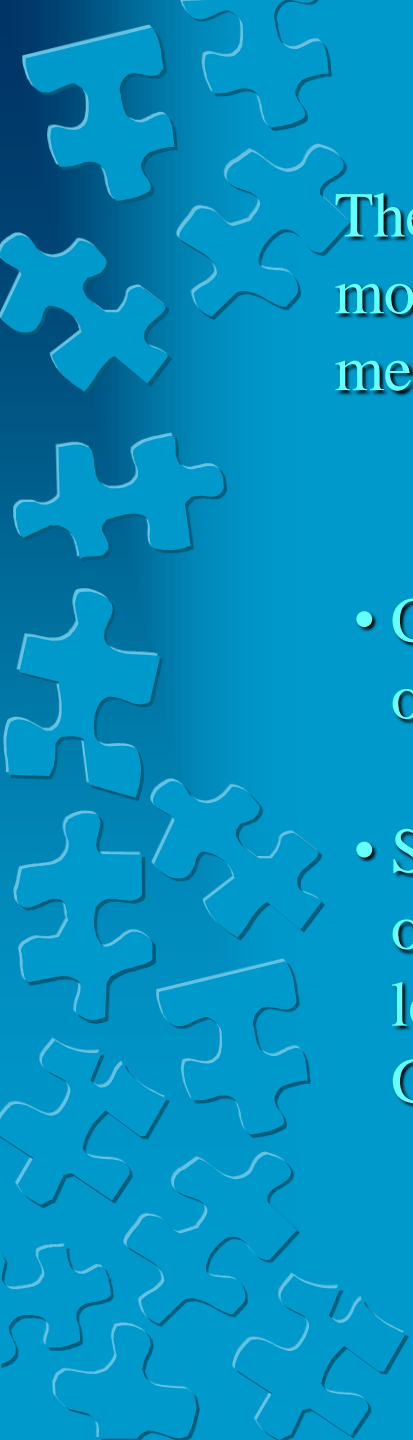
total spending ?

Critical size




number of members ?

- Total spending should attain the critical volume, in aggregation that the suppliers base will command to have more attention.
- The more members you are, the more secure written commitment (for all members) you will need that members will purchase the materials to the awarded suppliers.



The question of number of members is probably the most important challenge for a GPO to manage and that means to have :



- Committees to ensure the decision making would be open for all members.
- Should each committee member gets an equal vote on contracts, regardless of their company's size, length of participation or amount of spend in the GPO?



Is there a critical size for purchasing group ?

What the price to pay to be independant ?