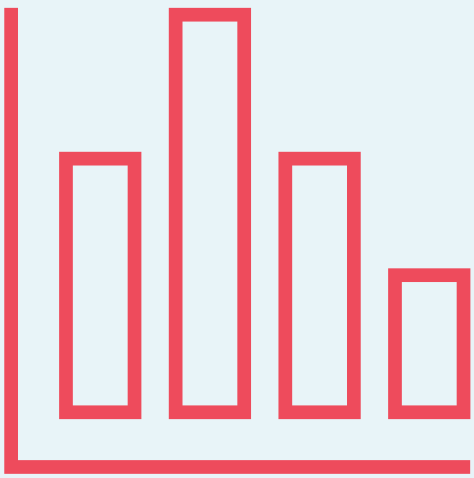
SmartBuyer

The Fractional Procurement Network

THE SMARTER WAY TO MANAGE TAIL SPEND

Stop leaking value one small purchase at a time.
Manage the tail without touching every transaction.



Visit our Website

Message from the CEO

We built SmartBuyer to pool the expertise of our procurement peers, for their benefit and for yours.

You shouldn't have to jump through hoops trying to justify expensive consultancies. You need swift access to the best category expertise, cost effectively and without commitment. We built SmartBuyer to deliver this.

External advice is too often delivered in a thirty slide powerpoint, it takes 6 weeks and comes with a 5 figure invoice. That's inefficient and just not helpful.

Deals need to be done, time is rarely on your side.

SmartBuyer is built to give you access to experts, without any of the usual hurdles.

Mark

Mark Coulson
mark@smartbuyer.co

Visit our Website



Mark spent 30 years in senior procurement roles across manufacturing, FMCG and professional services before founding SmartBuyer to connect businesses with specialist procurement expertise on demand.

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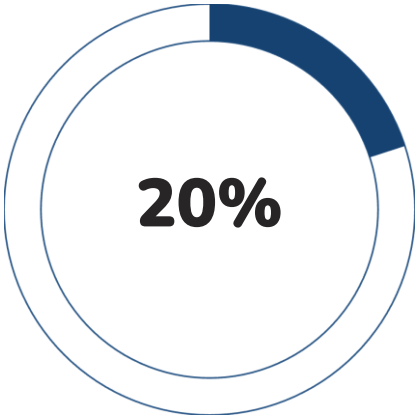
1 Introduction

Every procurement team has a version of the same confession: below a certain value, spend just happens.

The team bandwidth goes where it should, on the big categories and the strategic suppliers, and the thousands of small purchases underneath get waved through. Individually they are trivial. Collectively they are typically 20 percent of total spend spread across 80 percent of your suppliers and transactions, and in most organisations almost nobody is watching.

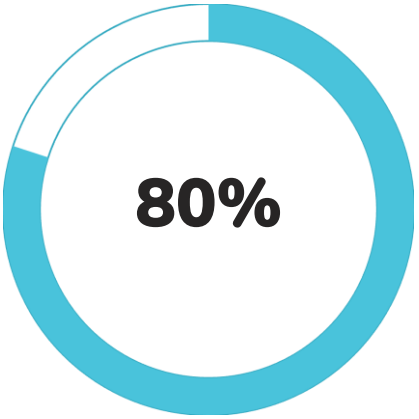
The numbers behind the neglect are striking. More than half of companies report a tail worth over 10 percent of total spend, yet only around 4 percent actively manage most of it. BCG attributes up to a quarter of all spend leakage to the unmanaged tail. And because the tail is where duplicate suppliers, off-contract buying and unvetted vendors live, it is a risk problem as much as a cost one.

This SmartBuyer 15-minute guide is a practical introduction to managing tail spend without drowning in it. It covers what the tail actually contains, why it stays unmanaged, the five levers that work, the solution landscape from marketplaces to sourcing automation, and a step-by-step programme that respects the constraint that created the problem in the first place: your team bandwidth. The goal is not to touch every transaction. It is to make the tail manage itself.



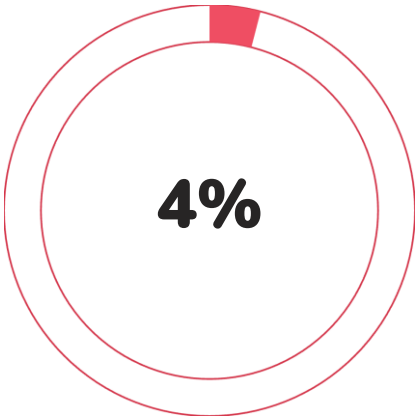
Tail spend share

Of total organisational spend sits in the unmanaged tail



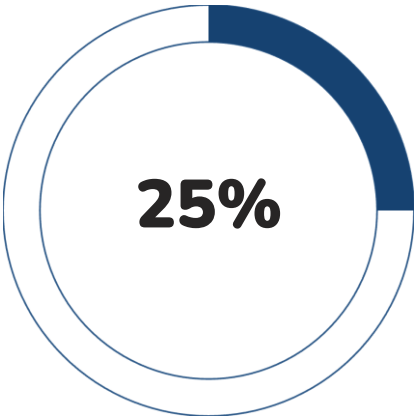
Suppliers & transactions

Of all suppliers and transactions fall within the tail



Active management

Of companies actively manage most of their tail spend

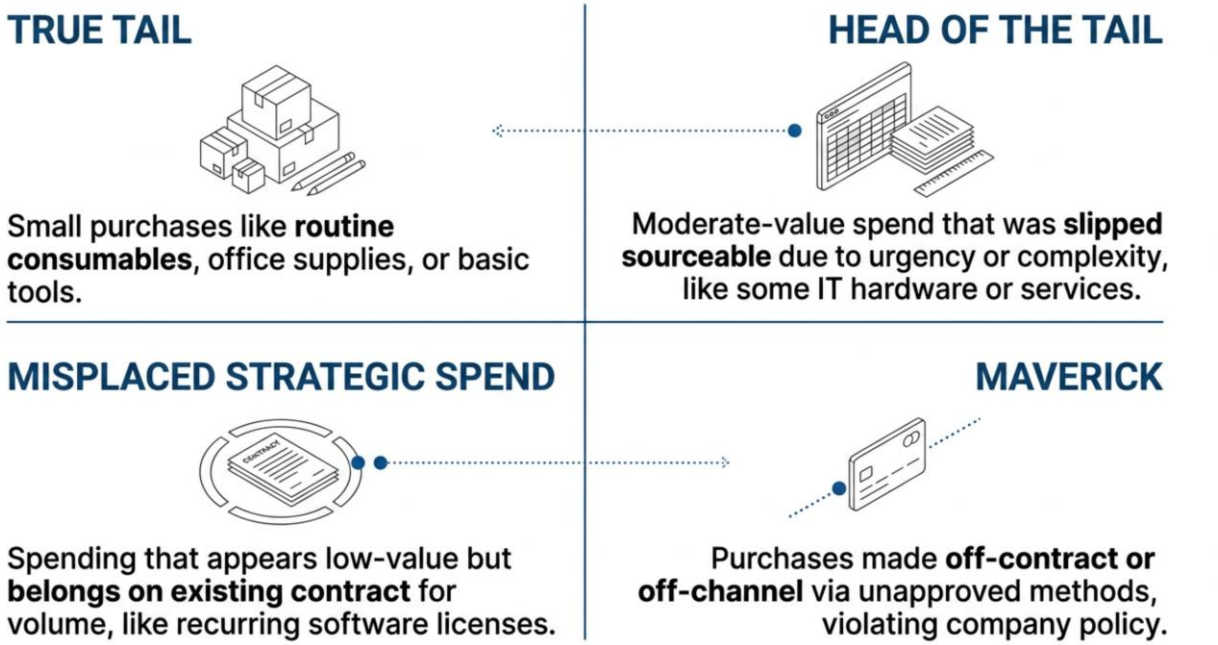


Spend leakage (BCG)

Of all spend leakage is attributed to the unmanaged tail

2 What Is Tail Spend, Really?

Tail spend is the long tail of low-value, high-volume purchases that sit below your strategic sourcing threshold. It is not one thing; it is four distinct populations that need different treatments. Lumping them together is why most tail programmes underdeliver.



Segment first. The treatment for each population is different, and applying the wrong one wastes effort and credibility.

3 Why the Tail Stays Wild

Tail spend is not unmanaged because procurement teams are careless. It is unmanaged because the economics of attention push everyone away from it, until the accumulated cost and risk force the issue. Five forces keep the tail wild.

Bandwidth Maths

The ROI of chasing small purchases never justifies the effort

No Visibility

Scattered data means you can't see what you can't manage

Process Cost

A full PO cycle costs more than many tail items

Supplier Sprawl

Maverick buying compounds quietly, year on year

Hidden Risk

Unvetted suppliers bypass every compliance control

3.1 The Bandwidth Maths Never Justifies the Effort

A category manager can spend a month saving 8 percent on a £5 million category, or the same month chasing hundreds of £2,000 purchases. The rational choice is obvious, and it is why the tail exists. The trap is that the logic applied transaction by transaction never gets applied to the total: 20 percent of spend, compounding leakage year after year, with nobody accountable for the aggregate.

EXAMPLE

A mid-market manufacturer dismisses its tail as noise. A one-day analysis finds 1,800 suppliers below £10,000 a year, totalling £9 million, or 18 percent of third-party spend. No one owns it, no one has ever reported on it, and at a conservative 10 percent opportunity that is £900,000 a year hiding in plain sight.

3 Why the Tail Stays Wild (continued)

3.2 You Cannot See It, So You Cannot Manage It

Tail transactions scatter across purchase orders, p-cards, expenses and invoices with no PO, coded inconsistently, with the same supplier appearing under five names. Standard spend reporting rolls it all into an "other" bucket. The visibility problem is why only a tiny minority of organisations actively manage the tail: you cannot segment or fix what you cannot see.

EXAMPLE
A spend cube built for a tail review finds the same stationery and consumables supplier trading under four entities across three sites, none on contract, at four different price levels for identical items. Nobody had ever seen the four together on one page before.

3.3 Processing Often Costs More Than the Item

A full purchase-order cycle costs somewhere between £50 and £150 to run once approvals, receipting and invoice handling are counted. Push a £40 purchase through it and the process costs more than the product. That is pure waste on the true tail, and it is also why heavy-handed control fails: making small purchases harder just drives them off-channel.

EXAMPLE
A business responds to tail leakage by mandating full PO process for everything over £25. Within a quarter, p-card and expense-claim purchasing has ballooned; buyers did not stop buying, they routed around the friction. Total visibility got worse, not better.

3.4 Maverick Buying and Supplier Sprawl Compound Quietly

Every unmanaged purchase invites another. Off-contract buying erodes the volume you promised contracted suppliers, weakening those deals. Every one-off vendor adds onboarding, master-data and payment overhead, and the supplier count creeps up by hundreds. Duplicate suppliers, duplicate items, missed volume: leakage measured in single percentage points of total spend, every year.

3.5 The Tail Is Where Risk Hides

Unvetted suppliers do not go through security, financial, modern-slavery or sanctions checks. Data-touching services bought on a card bypass every control the business built. The tail is precisely where a compliance failure is most likely to originate, because it is the only part of the supply base nobody examined. For regulated businesses, this argument usually unlocks the sponsorship that the savings argument alone does not.

WATCH OUT
When making the case for a tail programme, lead with risk and compliance alongside savings. Finance leaders have heard savings promises before; an unvetted-supplier count and a card-spend-on-data-services figure tends to move the conversation faster.

4 Preparing: Visibility and Segmentation

Every successful tail programme starts the same way: see it, segment it, and only then choose solutions. Skipping to tools first is the most common and most expensive mistake.

4.1 Build the Tail Spend Cube

- Pull 12 to 24 months of accounts payable, p-card and expense data into one view
- Cleanse and normalise supplier names: this is where the four-names-one-supplier discoveries happen
- Classify by category and rank suppliers by annual spend
- Scope all channels, not just POs; the tail lives disproportionately on cards and no-PO invoices
- Set your tail definition (value, ranking or category) and stick to it for measurement

4.2 Segment with the Four-Population Lens

Apply the Section 2 segmentation: true tail, head of the tail, misplaced strategic spend, maverick spend. For each, size it, and assign the default treatment: process-efficiency for the true tail, sourcing for the head, re-routing for misplaced spend, channel fixes for maverick buying.

This one exercise converts an amorphous problem into four workstreams with owners.

4.3 Set the Governance and the Baseline

Agree with finance how tail value will be measured before the programme starts: the baseline, the savings method, the risk metrics such as unvetted supplier count, off-channel spend percentage, supplier count trend.

Then assign ownership. The tail stayed wild because nobody owned the aggregate; a named owner with a quarterly report is half the fix.

Form a Cross-Functional Team

Tail Spend Owner (Procurement)

Owns the aggregate number, the programme and the quarterly report

Finance / AP

Owns the data, the channels (PO, card, expenses) and savings sign-off

IT / Security

Vets the tail for data-touching and unvetted-supplier risk

Budget Holders

Own the behaviour change; the channels only work if they use them

5 The Solution Landscape

The market offers five broad routes, and mature programmes combine several. Match the route to the segment, not to the vendor demo.

Sourcing Automation Platforms

Strengths: AI-driven platforms (e.g. Fairmarkit, Simfoni) that automate quoting and competitive sourcing for mid-value tail purchases, turning what was waved through into lightweight competition. Strong for the head of the tail.

Considerations: Needs reasonable data and a threshold discipline. Point it at spend worth competing, not the true tail.

Marketplaces

Strengths: A fast, compliant channel (e.g. Amazon Business, Unite) for routine, low-risk goods with catalogue pricing and consolidated invoicing. The pragmatic answer for much of the true tail.

Considerations: Price is convenient, not always optimal. Fence what may be bought this way, and feed the data back into the cube.

Group Purchasing Organisations (GPOs)

Strengths: Pre-negotiated contracts that give you pooled volume leverage on common indirect categories without sourcing effort.

Considerations: Check the categories genuinely overlap your tail, and that the GPO fees do not eat the benefit.

Outsourced Tail Spend (BPO)

Strengths: A third party (e.g. GEP, WNS) runs the tail for you: sourcing, transacting, supplier management. Removes the bandwidth problem wholesale.

Considerations: Cost and dependency build over time, and the knowledge leaves with the provider. Best as a bridge, not a destination; agree the exit and data terms upfront.

Intake and Guided Buying (e.g. Zip): A single front door that routes every request to the right channel automatically: catalogue, card, marketplace, sourcing or contract. The highest-leverage fix for off-channel behaviour, but it must be genuinely easier than going around it.

Which Route, When

1

True Tail

Low value, low risk → Marketplace or catalogue + p-card, with light-touch controls

2

Head of the Tail

Sourceable spend → Sourcing automation, or pull into category plan

3

Misplaced Strategic Spend

Re-route to existing contracts; intake tool to catch at source

4

Maverick Spend

Guided buying front door + policy and visible reporting

5

No Bandwidth

Outsource as a bridge while building channels, with clear exit terms

6 The Five Levers & the Operating Model

Whatever tools you deploy, tail value comes from five levers. The discipline is applying the right lever to the right segment, and accepting that the aim is a self-managing tail, not a fully sourced one.

Lever 1: Eliminate

Some tail spend should simply stop: duplicate subscriptions, unused services, purchases with no owner. The cube usually surfaces 2 to 5 percent of the tail that nobody will defend once it is visible.

Lever 2: Consolidate

Collapse duplicate suppliers and route repeat purchases onto fewer, better agreements. Supplier count is the cleanest KPI a tail programme has: it should fall visibly, quarter on quarter.

Lever 3: Channel

Give every purchase type an obvious, easy, compliant route: catalogue, marketplace, card, or sourcing. The share of spend flowing through preferred channels is your second KPI, and the one that fixes maverick behaviour.

Lever 4: Automate

Let technology do the touching you never had bandwidth for: auto-quoting mid-value purchases, auto-matching invoices, auto-flagging off-policy buys. Automation is how 80 percent of transactions get managed by nobody.

Lever 5: Outsource Selectively

Where bandwidth is the binding constraint, rent it: for the analysis, the first sourcing waves, or the transitional running of the tail. Keep the data, the contracts and the exit in your hands.

6.1 What the Value Looks Like

Well-run programmes typically deliver 5 to 15 percent savings on addressed tail spend, plus the quieter wins: lower processing cost per transaction, a falling supplier count, and a shrinking unvetted-supplier risk. Report all three lanes to keep sponsorship; the savings number alone undersells the programme.



Price & Consolidation

Savings on addressed tail spend

Process Efficiency

Reduction in processing cost per transaction

Compliance & Risk

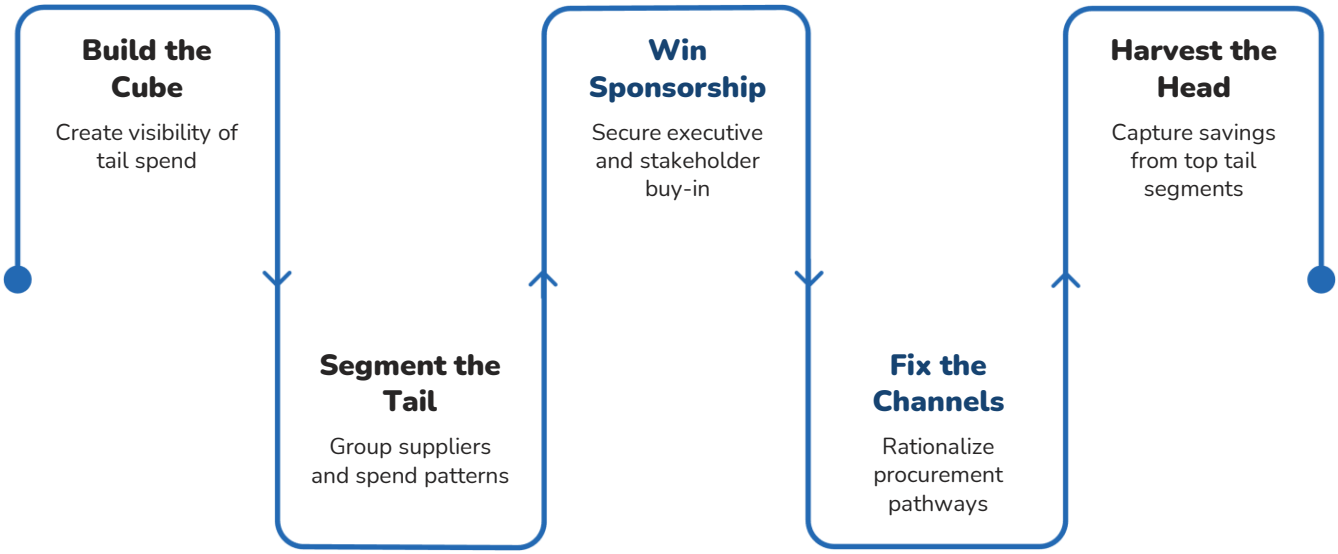
Reduction in active unvetted supplier count

⚠ **WATCH OUT**

Do not promise category-sourcing savings rates across the whole tail. Much of the true tail is not worth competing, and the value there is process cost and risk, not price. Overpromising on the wrong segment is how tail programmes lose credibility by month six.

7 Step-by-Step: A Tail Spend Programme

Seven steps, sequenced so visibility funds the rest. A first pass takes a quarter, not a year.



Each step is designed to build on the last; skipping steps or rushing the process is the most common cause of a tail programme that delivers less than it should.

Step 7.1 Build the Cube

This is the foundation. Get this wrong and everything that follows is built on sand. Pull all spend channels into a single, cleansed view before attempting any segmentation or solution selection.



Pull 12–24 months of AP, card and expense data into one view



Normalise supplier names and deduplicate entities; the real supplier count always falls



Classify by category and rank suppliers by annual spend



Include all channels: POs, p-cards, expenses and no-PO invoices



Set your tail definition (value, ranking or category) and baseline the number



Agree the measurement basis and savings method with Finance before the programme starts

Step 7.2 Segment the Tail

1 Split into the Four Populations

True tail, head of tail, misplaced strategic spend, and maverick spend. Each needs a different treatment; treating them as one is the classic failure

2 Size Each Segment

Quantify each population by spend value, transaction count and supplier count. This converts an amorphous problem into four workstreams with owners

3 Assign the Default Treatment

Process-efficiency for the true tail, sourcing for the head of the tail, re-routing for misplaced spend, channel fixes for maverick buying

4 Quantify the Risk

Unvetted supplier count, off-channel spend share, data-touching card spend. The risk story is what unlocks sponsorship alongside the savings case

5 Assign Workstream Owners

The tail stayed wild because nobody owned the aggregate. A named owner per segment and a named programme owner changes everything

Step 7.3 Win Sponsorship

Present the aggregate view to finance and leadership before selecting any solution. Sponsorship without a compelling number rarely survives the first budget challenge.

Present the Aggregate: Spend, Leakage, Risk and Supplier Count

A procurement leader who has never reported on the tail as a total will surprise their CFO with the number. Let the cube do the persuading

Lead with Risk Alongside Savings

Finance leaders have heard savings promises before. An unvetted-supplier count and a card-spend-on-data-services figure moves the conversation faster than a percentage improvement alone

Agree the Measurement Basis

Agree with finance how tail value will be measured: the baseline, the savings method, the risk metrics. Set this before the programme starts, not after the first wins

Secure a Named Owner

A named tail spend owner with a quarterly report is half the fix. The tail stayed wild because nobody was accountable for the aggregate; this step changes that

Set the Programme Governance

Approval thresholds, reporting cadence, and a cross-functional team with Finance, IT and budget holders alongside Procurement

Circulate the cube and segmentation output to the cross-functional team before the sponsorship presentation. Ensure the numbers have been sense-checked by Finance and the risk data validated by IT or Security.

Step 7.4 Fix the Channels

1 Stand Up the Marketplace or Catalogue Route for the True Tail

A fast, compliant channel for routine low-risk goods removes the pressure to source what isn't worth sourcing. Make it easier than going around it

2 Deploy Guided Buying or Intake

A single front door that routes each request to the right channel automatically. Attacks maverick spend at the point of origin before it becomes a data problem

3 Make the Compliant Route the Easiest Route

If the approved channel is harder to use than a p-card or an unapproved supplier, buyers will route around it. Channel compliance requires channel convenience

4 Set Up Consolidated Invoicing Where Possible

Marketplace and catalogue channels that consolidate invoices reduce AP processing cost and improve visibility in a single step

5 Measure Channel Compliance from Day One

The share of tail spend flowing through preferred channels is the second core KPI of the programme, alongside supplier count. Report it quarterly

Step 7.5 Harvest the Head

Source the Biggest Tail Suppliers

- Run lightweight sourcing events on the highest-spend tail suppliers
- Automate quoting for the mid-value band using sourcing automation platforms
- Pull the largest repeat-purchase suppliers into the formal category plan

Eliminate the Indefensible Spend

- Kill duplicate subscriptions and unused services the cube has surfaced
- Collapse duplicate suppliers onto fewer, better agreements
- Vet or exit the risky unvetted suppliers the cube exposed

Model three scenarios for the head of the tail: what savings looks like if you source the top 20 suppliers, top 50, and top 100. Don't forget soft costs: internal time, supplier onboarding overhead, and the AP cost per transaction you eliminate by consolidating.

Step 7.6 Enforce and Embed

Fixes that aren't enforced revert. The tail grows back unless the channels that replaced the old routes are actively maintained and the old routes are closed.

Report Channel Compliance and Supplier Count Quarterly

These are the two core KPIs. Visibility of both keeps leadership engaged and makes tail regrowth visible before it compounds

Close the Off-Channel Routes the Fixes Replaced

If the marketplace is live, the old ad-hoc purchasing route should no longer be available. Channel compliance requires channel closure, not just channel availability

Vet or Exit the Risky Suppliers the Cube Exposed

Run unvetted suppliers through security, financial, modern-slavery and sanctions checks. Exit those that cannot be onboarded compliantly

Embed the Owner and the Reporting Cadence

A quarterly tail spend report with a named owner presenting it to finance is the structural fix that keeps the programme alive between clean-up cycles

Train Budget Holders on the Channels

Behaviour change requires visibility. Show budget holders where their spend sits, which channel it should flow through, and what happens when it doesn't

Step 7.7 Keep It Self-Managing

Refresh the Cube and Re-Segment Twice a Year

The tail is not a one-time problem. New vendors, new subscriptions and new off-channel buying accumulate continuously. Twice-yearly cube refreshes catch regrowth early

Watch for Tail Regrowth

The tendency of the tail to re-fragment after a clean-up is well-documented. New vendors, shadow IT subscriptions and expense-claim buying are the earliest signals

Escalate Anything That Has Quietly Grown into the Head

A supplier that was £8,000 eighteen months ago and is now £35,000 is no longer tail spend. The re-segmentation catches it and routes it to formal sourcing

Review Supplier Count and Channel Compliance Each Quarter

These two KPIs tell you whether the tail is contracting or expanding. Present them alongside savings in every quarterly report to maintain sponsorship

Automate the Monitoring Over Time

As the programme matures, sourcing automation and guided buying platforms generate the data for the cube refresh automatically. The self-managing tail is the end state

8 Glossary

Term	Definition
Tail spend	The long tail of low-value, high-volume purchases below the strategic sourcing threshold.
Head of the tail	The largest suppliers within the tail, big enough to source properly.
True tail	Genuinely low-value, low-risk, infrequent purchases best served by fast channels rather than sourcing effort.
Maverick spend	Purchases made off-channel where a compliant route exists.
Spend cube	A cleansed, classified view of spend by supplier, category and business unit.
Supplier normalisation	Deduplicating supplier records so one entity appears once in the cube.
P-card	A purchasing card for low-value buying outside the PO process.
No-PO invoice	An invoice with no purchase order behind it: a hallmark of the tail.
Guided buying / intake	A single front door that routes each request to the right channel automatically.
Marketplace channel	A curated e-commerce route (e.g. Amazon Business) for routine goods.
GPO	Group Purchasing Organisation: pooled pre-negotiated contracts across multiple buyers.
Sourcing automation	Technology that runs quotes and mini-competitions without a buyer touching them.
BPO	Business Process Outsourcing: outsourcing the running of the tail to a third-party provider.
Cost per transaction	The full process cost of a purchase, often £50–£150 once approvals, receipting and invoice handling are counted.
Channel compliance	The share of spend flowing through preferred routes: a core tail KPI.
Tail regrowth	The tendency of the tail to re-fragment after a clean-up unless channels hold.

9 Quick-Reference Checklist

Run through this before and during any tail spend programme. Every tick converts invisible spend into managed spend.

- ☐ Tail defined (value, ranking or category) and baselined in one cube
- ☐ All channels included: POs, p-cards, expenses, no-PO invoices
- ☐ Supplier names normalised and the real supplier count known
- ☐ Tail segmented into true tail, head, misplaced and maverick spend
- ☐ Risk quantified: unvetted suppliers, off-channel share, data-touching card spend
- ☐ Sponsorship won on risk and savings together; measurement agreed with finance
- ☐ A named owner accountable for the aggregate tail number
- ☐ Fast, compliant channels stood up for the true tail
- ☐ Guided buying or intake routing requests at the point of origin
- ☐ Head-of-tail suppliers sourced or automated, duplicates collapsed
- ☐ Supplier count and channel compliance reported quarterly
- ☐ Cube refreshed twice a year and tail regrowth watched

10 Further Resources & Next Steps

Gartner Peer Insights

Independent reviews of the tail spend and sourcing automation platform market.

gartner.com/reviews/market/tail-spend-solutions

Spend Matters

Vendor analyses of the tail spend and sourcing automation space.

spendmatters.com

The Hackett Group

Benchmarks on purchase-order cost per transaction and procurement efficiency.

thehackettgroup.com

CIPS

Professional guidance on spend analysis and category management.

cips.org

Need Expert Help?

Tail spend is the definition of a bandwidth problem, and exactly what fractional expertise is for. SmartBuyer can drop in a specialist to build your tail spend cube, run the segmentation, stand up the right channels, and harvest the head of the tail, without adding permanent headcount to fix a part-time problem.

Book a discovery call at smartbuyer.co

Book a call

www.home.smartbuyer.co
mark@smartbuyer.co

You don't need more people in your Procurement team, fractional is the solution.

Markets constantly change, Procurement teams are stretched, securing the best commercial deals on everything you buy is an ongoing challenge.

SmartBuyer solves this, providing your Procurement Team with access to 500+ Specialist Buyers in a rapid, fractional, pay as you go service. Minus the expensive consultancy fees.

Our network of specialists work flexibly, delivering both short and long term projects:

Sourcing & Tenders

- Reviewing or drafting RFPs and tender documentation
- Running competitive sourcing events end-to-end
- Negotiating renewals and framework agreements

Analysis

- Providing independent spend analysis
- Drafting category strategies
- Delivering category-specific market intelligence

Strategy

- Supporting cost reduction and value engineering projects
- Advising on supplier selection and risk management
- Building procurement strategies and operating models

SmartBuyer, The Fractional Procurement Network.

500+

Specialist Buyers

In our global network

250+

Sub-categories

Procurement sub-categories covered

PAYG

Pay As You Go

No commitment, no retainer



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