

Mine Small Expense Categories for Big Cost Savings

By Gary Friedman, President, Cost Containment Specialists



I never cease to be amazed by the reaction I get from folks when I tell them companies can enhance profits by analyzing buying strategies and negotiating lower operating costs.

The standard response is: “That sounds like something lots of businesses must need...just not my business. We’re already saving all the money that we can.”

The ugly truth is that nearly all organizations are hemorrhaging profits through a thousand little cuts.

While it is easy for organizations to stay focused on the big-ticket items, few watch the nickels and dimes. But just like the Atlantic City slots on a Sunday afternoon, the nickels and dimes are where the action is.

The need to implement those cost-saving measures and other best practices cannot be underestimated.

The Aberdeen Group recently conducted a study comparing purchasing practices of small businesses (under \$50 million), midmarket businesses (\$50 million to \$1 billion) and large businesses (over \$1 billion). It found that small-to midmarket businesses experience an approximately 40 percent savings leakage compared with large businesses.

Most of that leakage was attributed to a lack of formal sourcing processes or highly decentralized sourcing policies for operational spend categories.

Savings opportunities in those and other less-visible expense categories such as the indirect expenses often are simply overlooked because they are thought to be too small to produce relevant savings.

So if you think your organization is saving everything it can, you might want to think again. Cost control is a process that never ends, and the profits you save are real.

Start watching the nickels and dimes and you will see the dollars add up. And remember, there are only very few ways to save a million bucks, but there are a million ways to save a single buck.

About Cost Containment Specialists

Cost Containment Specialists is a national expense reduction firm that provides advisory services to organizations to assist them in reducing their indirect operating expenses. We engage Subject Matter Experts (SME) that have specific expense expertise in over 20 spend categories to analyze and negotiate our clients current and alternative vendors to realize savings greater than can be done internally. Since 1998, CCS has helped over 1,500 businesses and organizations find undiscovered cost savings. Our fees are success-based, so you do not pay us until we produce savings.