

VALUE PROPOSITION Client Interviews

**Conducted for
ALLIANCE COST CONTAINMENT
And
Cost Containment Specialists**

**By
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PURPOSE and METHODOLOGY

Alexander + Hughes conducted telephone interviews with ten (10) clients of Alliance Cost Containment to “test” ACC’s value proposition. We wanted to determine if the current marketing messages of ACC match the perceptions, language, and experience of the clients.

A + H conducted the interviews between January 23 to February 13, 2009. ACC’s consultants selected the companies who obtained the consent of their contacts to be interviewed. The following questions were asked:

Marketing

- If someone asked you to describe the type of service ACC provides, what would you say?
- What prompted you to consider the kind of service offered by ACC?
- How did you learn about ACC?
- Why did you decide to work with ACC and not someone else?
- In what ways did ACC benefit your company? (ex: cost savings, cash flow, eased workload/negotiations)
- Would you recommend ACC to another company?
- What would you say to them about ACC?

Satisfaction

- Would you recommend ACC to another company? (see above)
- How would you rate ACC’s service on a scale of 1-10... with 1 being the lowest rating and 10 the highest?
- Is there anything ACC could have done differently for you or your company that would have improved the experience or the outcome?
- On a scale of 1 – 10, would you describe ACC as a vendor (1) or a partner (10).

Project Deliverables

Ask satisfied customers to express the value ACC brings to their companies and what makes ACC unique. Use this customer insight to strengthen marketing and sales.

Specific Timeframe: January through April 2008

- A+H develops the customer survey with ACC’s assistance -
- Referral - survey will also measure customer satisfaction by asking Client if they would recommend ACC to another business (potential client)
- A+H conduct a brief survey with a group of clients
- A+H will provide summary of all surveys
- A+H will facilitate a Conference Call to discuss findings and receive feedback from Marketing group
- A+H will provide recommendations regarding changes, if any, to value proposition
- A+H refines the Value Proposition and main marketing message

OUR FINDINGS

MARKETING & VALUE PROPOSITION

Below is the Value Proposition as expressed on the Home page of the website for Alliance Cost Containment (<http://alliancecost.com>). Highlighted in **green** are the points made by the clients interviewed.

Following this section are those same points in **green** when mentioned in the client interviews. Note those points that are **NOT** highlighted.

Those findings should be shared with the ACC Marketing Team. Those points that resonate most strongly should be incorporated into ACC messaging since they also resonate with your clients.

Note: We believe that the information underlined below is relevant messaging even though it was not expressed in the interviews. Some of the omissions are understandable, such as the description of your target business size and your history of measurable results. But it's interesting that no one referred to ACC as a "procurement services firm"... and that no one mentioned "cash flow"... and that no one used the term "vendor management".

ACC Website

Alliance Cost Containment (ACC) is a national procurement services firm that specializes in **cost reduction, group purchasing** and vendor management for small and middle market companies. ACC and its affiliates have delivered measurable value to nearly 600 U.S. based business and organizations since 1992.

Our clients engage us because they face **intense pressure to reduce operating expenses**. ACC utilizes a proven methodology to **help companies achieve their cost savings and cash flow objectives**, and **our "gain-share" fee structure ensures that our clients only pay us when we deliver results. If there are no savings, there is no fee!**

Our **purchasing aggregation** and vendor management processes provide small and mid-sized business **access to large corporate purchasing power that they are often unable to capture on their own**. We also facilitate detailed vendor management and **reporting processes to make sure our clients capture the savings that we help generate**.

ACC's team of **highly qualified professionals** work closely with CEO's, CFO's and other Sr. Executives to not only deliver powerful results, but we also **become trusted professional advisors to purchasing managers and buyers**. Our team builds a lasting bond with our clients based on integrity, honesty, and professionalism.

OUR FINDINGS

MARKETING & VALUE PROPOSITION

Below are what we believe are the salient points expressly stated by the clients that we interviewed or that we drew from the interviews. Those in **green** also appear in some form on the website home page. Note those points that are **NOT** highlighted.

Client Comments

What do ACC and its consultants offer? (Terms used by clients)

- **Cost reduction. Cost savings. Cost recovery. Cost management.**

Who can ACC help?

- **Any company that... wants to reduce overhead expenses**
- **Anyone company that... doesn't have the time (or staff) to search out the best prices and the best vendors**
- **Anyone company that... has multiple locations with local purchasing**
- **Anyone company that... is a small business and wants the same prices available to large businesses.**

How does ACC do it?

- **They don't come in and promise large savings. They find them first (and show you.)**
- **There's no risk. **They don't get paid unless and until there are savings****
- **They analyze spending... Identify the savings... Negotiate better deals with existing vendors or find better pricing with other vendors**
- **We benefit from their negotiation expertise and **the pricing advantage of their contracts with national suppliers/vendors****

OUR FINDINGS

MARKETING & VALUE PROPOSITION

Below are what we believe are the salient points made by the clients that we interviewed expressed in terms of possible **marketing messages**.

As explained earlier, those in **green** appear in some form on the website home page. Note those points that are **NOT** highlighted.

Marketing Messages

What do ACC and its consultants do?

- **Cost reduction** (or, cost savings). Cost recovery.

Who can we help?

- **If you want to reduce overhead (indirect) expenses**, we can help.
- **If you don't have the time (or staff) to search out the best prices and the best vendors**, we'll do it for you.
- **If you have multiple locations with local purchasing**, we can consolidate your buying power.
- **If you're a small business and want the same prices available to large businesses**, you can benefit from our national pricing contracts.

How do we do it?

- **We don't promise large savings. We find them first (and show you.)**
- **There's no risk. We don't get paid unless and until you get the savings**
 - *Try our services in one expense category to see what we can save you.*
- **We analyze your spending... Identify the savings... Negotiate your contracts.**
 - *Once we agree on the spending categories, we review your expenses*
 - *We give you an estimate of savings up front to make sure it's worth your time*
 - *We negotiate better deals with existing vendors or find you better pricing with other vendors.*

How can we do it?

- **Our highly qualified consultants** understand the services that businesses need.
- **We partner with our clients** so they benefit from our negotiation expertise and **the pricing advantage of our contracts with national suppliers/vendors.**

Or

- **Our clients... benefit from our negotiation expertise and the pricing advantage of our contracts with national suppliers/vendors.**

How do you know we can do it?

- **You don't have to listen to us. Listen to our satisfied customers**

SAMPLE OF RELEVANT COMMENTS

Organized by Question

Blue Indicates Key Comments

See Individual Summaries for Full Comments

1. If someone asked you to describe the type of service ACC provides, what would you say?

They analyze spending by category and by vendor and try to find cost savings for us... areas where we can have costs savings

Offering a means to ensure that fulfill services are not only as low priced as can get but also as efficient as possible so that we're getting appropriate level of customer service from our vendors along with best pricing available.

Basically cost investigation and reduction

One of the firms that provide cost recovery, cost management services

Cost containment. Helps me contain costs.

Almost serves as a purchasing agent for us. We don't have the ability in house to have full time agent to go out and solicit bids. We find ourselves often paying higher prices because we haven't taken the time to bid our purchase out. Nor do we [search out other bids] once we start with vendor... We tend to stay with them and not periodically go out and look for ways to twist arms for better pricing or a cheaper supplier

Does an analysis of our expenses. Identifies places to save money

Work better deals for us or find vendors who can offer us better deals

Cost management. Just like their name. That's really what they did. For us, they took a look at our business and identified areas where we were paying more than market price.

They sit down look at expenses and try to identify where they be able assist you to reduce total cost of purchasing. They walk through all the expenses and try to understand what makes them up and actually pull all the information so that they have the physical details of what's being expended. They use their expertise to determine whether you're paying an appropriate price and whether they can find a vendor equal in quality at a lower cost. They provide you the information. If part of the decision is to switch to a new vendor, they track savings and make sure the vendor delivers.

Cost reduction

2. What prompted you to consider the kind of service offered by ACC?

Need to reduce budget

New VP Ops looking at plant overhead. Curious. Pilot MRO Opportunity to see what they could do.

B2C: Economic slump in market. Clients price conscious

Actually, they approached us with a proposal and since it doesn't cost us anything up front, we had nothing to lose ... could only gain cost savings

He provided a service for a fee we could not get if we went outside and did it on our own

Areas he addressed are very difficult for us to get to in the day-to-day business. Opportunities were there. This was an easy option to us. All reward, no risk. If they find something, great. If not, nothing lost other than some administrative time.

I can't recall. But they impressed me enough to go through the process. We split the savings. It's a no lose situation.

3. Why did you decide to work with ACC and not someone else?

What separated them from the others was that they did not come in making strong promises. They said prices that work. Very disciplined. Very good homework. Very quantitative. they estimate what they would save. We had been approached by firms before. Even large consulting firms. Anderson had a wing that claimed it could save 100s of thousand. We didn't believe it. They (Dan) said our [their] approach was very quantitative. Poured over all purchasing. Gathered info and do real good analysis and do real hard analysis and self purchasing on optimum level . if opportunity for discount. They made every effort to be very detailed and clear in terms of expectations. Offered analysis. We were very, very satisfied with that approach

They had national agreements in place that we thought would benefit us. Interaction with Tom Rogers would also be a good benefit. Hands on. Being in the area. Local connection. All would allow us best means to get all pricing changes to take effect

Did not look elsewhere. Impressed by his straightforwardness and his philosophy that if he doesn't generate documented savings, then he doesn't get paid.

... contacted us at the right time. He provided references that were good. Real solid. And I felt comfortable with him.

4. In what ways did ACC benefit your company? (ex: cost savings, cash flow, eased workload/negotiations)

More confident about the process we use to choose vendors. Confident we're doing business better.

Save us all lot of money in one budget area. We are a billion dollar operation. At that time, we were half the size as now. They did come in able to get us lower prices in area of MRO in manufacturing facilities. They had key contacts and relations with key vendors and network with companies and alliances that could save us money. Proof was very

quantitative. Some (other) companies estimate. They showed us before and after. Could feel very comfortable that you agree on savings and what they would get was fair.

Reduced cost through being able to use available contracts and through Bob's negotiation with vendors

Achieved some savings in some significant areas. Also helpful because we have different campuses across the state and no procurement department. Helped us identify areas where consolidating expense may be beneficial to us. Using vendors for certain categories... beneficial buying power of the entire institution.

Difficult for us to do that sometimes, since we run independently. CC has pulled us all together.

Went through number of areas - services and commodities. Difficult for us to shop prices on an individual basis because of infrequency of use and our dollar volume.

He [Bob D'Antoni] is very skilled. He doesn't do anything we couldn't do ourselves but for lack of time and staff. He does have contacts that help. National contracts. [For example] telephone service. We talk to our local people. He knows someone higher up. Rates are a little bit cheaper.

5. Would you recommend ACC to another company? If so, what would you say to them about ACC?

One of things I would say other than saving money - how little work I had to do to have it happen. Frank really got up into his elbows and figured stuff out. Just handed him the records. He worked through them.

Once got to point they provide us better purchasing opportunity. They came in and did their thing. After one year, moved on. No other areas
I would say very pleased with the approach, integrity and responsiveness of Dan and the people associated with. Doesn't come in and make a lot of major promises. Very confident in success in what he does. Very personable. We have results. They say you don't have listen to us. Listen to our satisfied customers. Thorough. Good to work with not overbearing or difficult to work with.

They come out and do analysis and give you a pretty good range of estimated savings. They do a lot of work up front without compensation, just to make sure the effort would be worthwhile.

We benefited greatly by investigation that Bob did of our cost and negotiations for lower price alternatives

They've got good grasp of types of services that business needs to deal with these days and the vendors are. Able to consolidate national agreements so that taking another of firms without buying power on own and get capability for them so that it may be 10k expense, get pricing as if 100k or even higher. Working with Tom - he makes it easy. He asks the right questions. Gets answers timely manner to respond to issues I raise. I think he present his billing to us appropriately and fairly. (Refers to fact that cost-savings are shared)

I would recommend them. It was a little more work than what Alliance presents up front.

If they did not have the time to research their major line items and look for vendors to save costs, CC is a company that can step in and fill that role. Especially companies without a full-time purchasing dept.

They at least owe it to their organization to have another set of outside eyes to look at their [expense] structure.

I recommended them to the corporate office. ... They saved us over 100k a year with very little time on our part and with no disruption to our operation... Kept in touch. Communicated well.

I would advise someone that they have a process that can find savings, and the savings are shared and they do a very good job of bringing details back to you so you feel you actually got the savings.

I would say—Bob can get you some savings. I would point out right off the bat – those savings are probably available to you, but your staff has not been able to get there. You're not out searching for lower cost as well as you thought. He can help. - Ferguson

6. Is there anything ACC could have done differently for you or your company that would have improved the experience or the outcome?

More follow up with us. We could have held up our end better. He could have held our feet to the fire.

This is not even intended to be complaint, sometimes I get too much information (weekly reports). Could be a week or two old when I have time to look at it.

Don't think could have. Really impressed with what they did. Very knowledgeable. Saved us a bunch of money.

Problems were more cultural than functional.... Vendors were used to working through decentralized purchasing. 40% of 50% of the jobs we had cost reductions on, we had to go back and re-bid the work anyway because of some issues of communication.

[The lesson learned?] Review the style of purchasing that a company has. Prepare for problems, if it's very antiquated. ... For 35 years, we operated the same way -- small purchasing department dealing with local suppliers. A letter was sent on my behalf saying Bob would do this work - please cooperate with Bob. They fell on deaf ears. I would be more closely involved at very beginning. So on large bids, if a supplier has questions, I would have told them to call Bob and let me know, so supplier would know we're working together.