



E-Newsletter - January 2012

Whether your organization is a for-profit or non-profit organization, now is a key strategic planning time to consider a comprehensive cost reduction review. Starting a savings initiative now will help you achieve greater operational efficiency and savings for 2012.

Since 1998, our clients have benefited from our cost reduction and containment methodology to significantly lower costs and improve financial performance. Allow us to show you where your hidden savings opportunities are. Within two weeks we will analyze your operational expenditures and provide you with a report detailing the potential savings opportunities for 2012.

If you want better results, try a different approach.

Why Most Organizations Are Not Getting the Most Out of Cost Reduction and Containment Initiatives

By Gary Friedman, President, Cost Containment Specialists

Organizations with inadequate spend information really don't know what they are spending and who they are spending with. Without such fundamental intelligence, chances are high that resources will be misdirected or wasted, and consistent savings results will not be achieved.



A frequent obstacle to efficient cost savings is lack of buy-in by the organization. It is an unfortunate fact that not everyone in an organization is cost-sensitive, or sees cost reductions as being in their best interest. In fact, many employees, and even managers, are "supplier empire builders." Internal politics and alliances with suppliers are very often the chief obstacles to more efficient processes and procurement efficiencies.

Frankly, overly cozy vendor relationships with suppliers can get in the way of effective cost reduction and cost containment. Suppliers' sales people work to establish personal

relationships and "differentiate" their products for reasons other than price and service. They are often successful in minimizing competition as a result. This situation usually costs you money!!

Many organizations have a do-it-ourselves mentality. They do not believe they need help, or they don't consider consulting help to confirm the organizations false assumptions.

Therefore, they are just not getting the total job done and are leaving significant dollars on the table. The "not-invented-here" and the "we-already-thought-of-that" syndromes are common and naive themes in many organizations. All organizations have waste in their spending, and wise organizations want to find it and remove it ASAP.

Effective cost reduction and containment is not just about common sense. Like so many other things in life, it requires experience to do it right to avoid costly pitfalls. In challenging times like these, having access to experience to guide and implement a successful cost reduction and cost containment process is critical. Experienced consulting help should be considered, particularly with a firm whose fees are based on results.

Taking Control of Your Print Spending in 2012



In our continuing focus to bring you information to reduce indirect costs and drive operational efficiency, this article addresses the often overlooked (and under-managed) area of print and promotional print spend.

Organizations should consider outsourcing print to a specialized service provider who will guarantee savings based on historical costs and proposed process improvements.

While finance executives have largely addressed the low hanging fruit of cost reduction tactics, there are some areas of indirect spend that present further opportunities. One of these is commercial print and print-related activities. U.S. organizations will spend over \$100 billion with external commercial print suppliers in 2012 and forecasts that this level of spend will continue.

As a result, the total costs associated with printed business communications (e.g., sourcing, procurement and management) average 1%-3% of an organization's annual top line expense, making it a top spend category at many organizations.

Large portions of this spend not only go toward actual printing costs but are also used for related services, such as mailing, warehousing and distribution. In addition, there are many buried "soft costs," including creative, review, brand management, project management, administrative costs, errors and rework, space and utilities, as well as waste due to obsolescence.

For every \$1 spent on print, another \$6 is spent on ancillary activities.

The bottom line is that print-related costs present a key opportunity for cost reduction and process improvement.

Cost savings through a detailed print spend analysis have been substantial, with clients our reporting savings of 20%-30% over historical spend on hard costs alone.

CCS anticipates that print spend will begin to be an important topic going forward as organizations are pressured by economic conditions to continuously evaluate their overall processes in search of further cost savings and increased efficiency.

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 30 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.

For more information on how Cost Containment Specialists will reduce your operating expenses, contact:

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