



E-Newsletter - June 2011

Cost Reduction and Cost Containment is Not the No-Brainer You Think it is...

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Cost Reduction and Cost Containment is Key in an Uncertain Economy

In an uncertain economy, cost control is not optional - it's a core survival skill. With budgets and revenues under pressure, organizations (for profit and non-profits) must reduce and contain costs. Most organizations have cost reduction initiatives in such times; those that don't may not be around when things improve.

NOT a No-Brainer

Effective cost reduction and cost containment is not as simple as it may appear. Many managers today have not actually navigated through an uncertain economy - they may not have the purchasing volumes, resources or personal experience needed to significantly reduce and contain costs in a deteriorating market environment. Because of this, cost reduction and cost containment is definitely not a no-brainer. If cost savings initiatives are improperly conceived, communicated or implemented, cost reduction and cost containment programs have the potential to fail, stifle growth, adversely impact quality and customer satisfaction, damage morale and perhaps even accelerate a downward spiral.



Experience is Invaluable

Cost Containment Specialists has extensive cost reduction and cost containment experience. They have managed through many business cycles and learned what works and what doesn't - deploying cost reduction and cost containment initiatives efficiently, and successfully position clients for the future.

Lessons Learned

A cost-sensitive organizational culture is critical to effectively reduce and contain costs. Experience, planning, good communication and excellent processes are imperative.

Management must recognize that not all employees are enthusiastic about cost control; many don't really care at all, or will even fear or oppose such initiatives.

In most organizations, there is a hierarchy of cost reduction opportunities ranging from easy to identify "low-hanging fruit", to more complex, time-consuming, and perhaps even emotional process or organizational change. Organizations new to cost controls should consider tackling the easier projects first to gain experience, demonstrate success and garner internal support.

How to Get Started

Cost Containment Specialists typically recommends initiating cost reduction initiatives in the indirect spend area. Often, organizations have under invested in skilled resources or have been leaving savings opportunities on the table. Generally, these savings come from creating competitive tension, aggregating spend volumes and obtaining concessions from suppliers, not from internal organization changes, downsizing or other more difficult actions. Even organizations that have done a good job procuring "direct" material often do very little in attacking "indirect" costs like telecom, printing, facilities, energy, transportation and freight, temporary employees, etc. These areas and others, require specific expertise, and CCS will help with no-cost preliminary savings analysis assessments to identify where savings can be achieved.

Get Started and Make it Part of Your Organizations DNA

Organizations with a strong appetite for savings is an asset at any time, but ongoing cost reduction and containment is essential in tough times. Effective cost reduction and cost containment initiatives spell the difference between success and failure during downturns. But it is not intuitive and definitely not a no-brainer. This is clearly an area where experience matters and where even the most experienced managers should consider working with third-party experts on the best course of action.

Midwestern Law Firm Saves over \$250,000



According to a December 2010 report from Citibank, managing partners at U.S. law firms are becoming increasingly concerned about their firms' reduced profit margins resulting from increased pricing pressures.

As one regional law firm with 250+ attorneys recently discovered, one of the best ways to make money is by saving it through reducing and containing costs. This firm hired one of our offices to review expenses and negotiate improved pricing and service terms with key vendors. Much of the savings was delivered from incumbent suppliers, reduced the overall number of suppliers through consolidation and introduced the firm to selected new vendors with equal or improved customer service.

While savings were realized in a variety of areas, some of the notables included:

- \$120,000 savings on office supplies
- \$60,000 on wireless telecom
- \$42,000 on express mail services
- \$28,000 on printing

Our proven methodology helped this law firm, and countless other organizations, find meaningful savings. With our national aggregation relationships and our highly skilled subject matter experts, we bring a level of purchasing power and expertise that few organizations outside of the Fortune 500 can match or achieve on their own.

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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