



E-Newsletter - November 2011

Happy Thanksgiving!

Whether your organization is a for-profit or non-profit organization, now is a key strategic planning time to consider a cost reduction initiative for the year to come. Starting an initiative now will help boost your bottom line throughout 2012 and help you achieve greater operational efficiency.

100% of our clients have benefited from our cost reduction 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.

Contact us today and learn more about how to make the 2012 budget process easier and achieve greater financial impact in your organization. **If you want better results, try a different approach.**

Case Study:

Top Convenience Store Chain Saves \$124,000+

We recently completed the first round of cost reduction initiatives for a top convenience store chain in the Midwest. This well-run group of 100+ stores has a reputation within the industry for being innovative and profitable, so we knew this project would be a challenge.



We examined approximately \$1M in operational expenses in five categories, ultimately negotiating with approximately forty incumbent and alternative suppliers. Some of the noteworthy results included:

- 26% savings on paper towels, can liners, toilet tissue and other janitorial supplies
- 7.25% savings on floor mat cleaning
- 14.2% savings on office supplies, paper and toner

- 14% savings on printing and signage
- 32% savings on waste disposal

Along with these hard-dollar savings we were able to consolidate two dozen waste haulers to one management contract and eight printing companies to one managed print solution, resulting in added soft-dollar savings from fewer bills to process and pay. Now that this round of savings is completed, we are looking forward to working on additional spending categories in the future.

Case Study:

Midwest University Saves \$185,000 per Year



In a world of shrinking endowments and increasing costs, colleges everywhere are looking for alternative sources of revenue. A well-regarded Midwestern university recently engaged us to look for overlooked savings opportunities as part of an overall restructuring of their purchasing initiatives. A thorough analysis of their operational expense areas revealed over \$185,000 in savings available to the school that could be achieved with minimal changes in suppliers.

Overall, price reductions were realized from 61 different suppliers. Some of the more noteworthy areas of savings include:

- Over \$41,000 electric power costs (in a state without competitive electric power sales!)
- Over \$10,000 in broadband connectivity costs
- Over \$30,000 in printing expenses for admissions and alumni affairs
- Over \$7,000 in janitorial supply costs
- Over \$27,000 in payroll processing costs
- Over \$46,000 in facilities maintenance supply costs

When asked for his thoughts about the results of the cost reduction project, the school's CFO commented that "Any organization can benefit from this experience. Even if you think you are getting the best rates possible from suppliers, it doesn't hurt to have this confirmed by an independent third party... and CCS definitely finds savings that you'd never think of."

If your organization is looking for a cost reductions, contact Cost Containment Specialists. They're your profits... don't give them to suppliers.

Mine Small Expense Categories for Big Cost Savings

I never cease to be amazed by the reaction I get from people when I tell them organizations can enhance profits by working with an objective third-party to analyze buying strategies and negotiate



lower operating costs.



The standard response is: "That sounds like something lots of organizations must need... just not my organization. We're already saving all the money that we can."

The ugly truth is that nearly all organizations are hemorrhaging dollars by not focusing on the thousand little cuts that can be accomplished.

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 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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