



Expense Reduction Analysts

Tips and Strategies for Reducing Costs

Four Steps to Reducing Expenses:

1. Analyze your spending
2. Go to Market/Negotiate
3. Implement quickly
4. Audit and Monitor the results

Best Practices:

- Analyze your usage in detail
- Know category, industry & pricing
- Market your value, reduce supplier risk
- Find out industry best practices
- Find operational improvements
- Go to market (formal or informal quote)
- Monitor after for supplier errors
- Watch for usage/compliance and adjust

Knowing the Market Pricing:

- Get pricing from companies with similar spends (and assume the market pricing is better)
- Talk to category insiders
- Learn the industry tricks

What is \$10K of Expense Savings Worth?

	Baseline	20% Cost Reduction	Equivalent In Sales
Revenue	\$ 100	\$ 100	\$ 140
Direct operating costs	\$ 35	\$ 35	\$ 49
Labor costs	\$ 35	\$ 35	\$ 49
Non-core indirect costs	\$ 20	\$ 16	\$ 28
Net profit	\$ 10	\$ 14	\$ 14
After tax (40%)	\$ 6	\$ 8	\$ 8
Business Value = 6 P/E	\$ 36	\$ 48	\$ 48

\$10,000 saved = \$50-60,000 in Sales

Why Speed is Important:

- Every month is a month of lost savings
- Savings delays can't be recovered
- Old errors may become un-recoverable

What Can You Expect?

20% average across ALL categories



Be Careful in Down Economies:

- Watch the tier thresholds
- Anticipate the downside
- Watch your commitments

Top Categories to Find Savings



When to Consider Outside Help:

- When you can't do projects quickly
- When you don't have category expertise
- When you lack the time to audit afterwards
- To overcome political challenges
- You don't know industry best practices

Guest Speaker:

Rudy Bazelmans
Expense Reduction Analysts
 RBazelmans@ExpenseReduction.com
 (800) 783-9072 (Regional office)



Savings come from pricing AND best practices that are IMPLEMENTED
Ensure that the supplier knows you are serious

find extra profit

www.expensereduction.com

