

Delivering Results.

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*Discovering Efficiency.
Delivering Results.*



Miles Lee, President
222 S. First Street, Suite 301
Louisville, KY 44202
(866) 364-2848
www.alliancecost.com
mlee@alliancecost.com

Welcome to the Alliance Cost Containment e-newsletter, *Delivering Results*. Our Winter 2007 edition includes articles and opportunities that you should find interesting. Our nearly 600 clients have benefited from our proprietary franchised methodology to significantly lower costs and improve profitability. To see how we can help your organization, or to explore a business opportunity, please email us at MLee@alliancecost.com, visit our website at www.alliancecost.com, or call us at **(866) 364-2848**.

CASE STUDY:

Company Saves Over \$1.5 Million Using Alliance Cost Containment

The Indiana and Michigan affiliates of Alliance Cost Containment (ACC) significantly improved the profitability of a non-manufacturing Company in North America. This ACC client was doing a complete review of opportunities to improve profitability and engaged ACC as a result of a referral from one of the company's operations in Indiana.



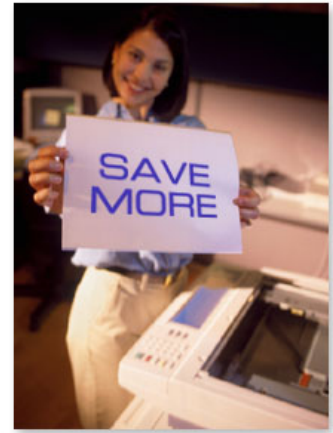
ACC was asked to review over \$15 million in annual recurring expenses and a capital budget of \$3 million. **Results from ACC data aggregation, research, negotiation and implementation of approved initiatives netted over \$1.5 million in annual cost savings.** In regard to maintenance and capital savings, the VP of Engineering said "It seemed ACC had managed to collect and compile a large amount of disparate information about our fleet in a short amount of time. It was obvious ACC understood the ins and outs of the materials handling industry because it wasn't long before they came up with a strategy and implementation plan to reduce our expenses with several initiatives".

In addition to material handling maintenance and capital, ACC delivered savings with outsourced payroll processing, express mail, packaging, uniforms and mats, telecommunications and office supplies.

The ACC client was so pleased with the results that they have recently asked ACC to look at another expense area not included in the original scope of the engagement.

ACC Savings Tip: Equipment Lease Renewals are Big Opportunities to Save Money

In a recent project, ACC's consultant in central Kentucky saved a client nearly 50% on a five-year postage meter lease. Our consultant reports that his client was preparing to renew a lease on equipment that had been competitively bid at the initial lease signing in 2002. Since this supplier offered the best value at that time, the client assumed that the price offered for renewal would remain the most competitive. **ACC negotiated with both the current supplier and alternative supplier, with the result being a new bid from the current supplier of 49.40% below their initial bid. The savings over the five year lease period will be nearly \$25,000.** When contracts on office equipment leases come up for renewal, companies have a valuable opportunity to lock in long-term savings. Be sure to shop the market to see if the price being offered is still the best deal available.



For more information, contact us at **866-364-2848** or e-mail at mlee@alliancecost.com.

Purchasing Benchmark Report

A recent analysis of the purchasing practices across twenty (20) manufacturing and service industries has yielded some interesting findings. Take a moment and see how your organization compares with the trends other companies are facing in key procurement performance benchmarks. A summary averages from the report:



- Purchase spend as a percentage of sales dollars: **42.7%**
- Purchasing employees as a percent of total employees: **1.3%**
- Percent of companies that reported some outsourcing of their purchasing activities to third parties: **26.9%**
- Percent of managed spend that is outsourced: **5.8%**
- Cost reduction savings as a percentage of total spend: **2.1%**
- Percent of purchase spend offshore: **22%**
- Percent of active suppliers accounting for 80% of purchase spend: **7.2%**
- Percent of purchase spend with diversity suppliers: **8.9%**
- Percent of purchases through e-auctions: **3%**

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ALLIANCE COST CONTAINMENT NEWS

Entrepreneur Magazine Recognizes ACC

Entrepreneur Magazine recognized ACC in its 28th annual issue of the Franchise 500, which researches and ranks the leading franchisors across the U.S. We are proud to be recognized by this prominent annual ranking of high growth franchised businesses.



ACC is Expanding Nationally

Alliance Cost Containment now has 28 cost containment professionals located across the U.S. These skilled consultants are well-qualified to help small and mid-sized businesses achieve their profit improvement objectives. Please visit our website www.alliancecost.com or call (866) 364-2848 if you would like us to conduct a no-cost confidential assessment of your cost savings potential.