

# Delivering Results.

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*Discovering Efficiency.  
Delivering Results.*



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## Welcome to the Alliance Cost Containment Newsletter, *Delivering Results.*

Our Spring/Summer 2008 edition includes articles and opportunities that you should find interesting. Our 600 plus clients have benefited from our proprietary 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](mailto:MLee@alliancecost.com), visit our website at [www.alliancecost.com](http://www.alliancecost.com), or call us at (866) 364-2848.

## Alliance Cost Containment Saves Pasta Company over \$320,000

The New Jersey affiliates of Alliance Cost Containment (ACC) helped a \$90 million pasta company realize substantial savings and strengthen their purchasing in a very difficult economic environment. This client has historically concentrated on effectively sourcing its raw materials, since they do not have the manpower to focus on all areas of expense.

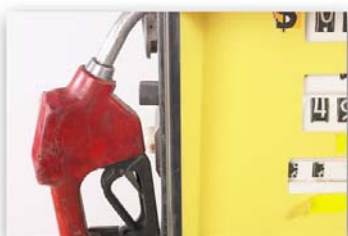
ACC examined all of this client's indirect expenses, which entailed reviewing more than \$9 million in expenses and negotiating with more than 130 suppliers. **The most significant cost savings were achieved in packaging, express mail, safety supplies, MRO, printing, office products and computer supplies. We were able to negotiate and implement more than \$200,000 in packaging alone.**



The CFO was very pleased with the results, stating that it was a great way to complement cost savings initiatives they had already undertaken. The savings have improved our client's bottom line and have helped keep them competitive during challenging times.

The engagement with ACC has changed the way this client looks at its purchasing function. In order to keep costs under control, they will now apply a systematic approach to all areas of expenses, not just to its large vendors and raw materials.

## Reducing Freight Costs: A Complex Challenge



Freight is one of the more challenging and complex cost centers within an organization. Recently, effective cost containment in the freight area has become even more complex due to several industry trends:

- The rise in cost for fuel, insurance and drivers
- A shortage in truck based transportation
- Consolidation and attrition in the freight provider industry
- Increasing customer service pressure
- Regulation and security changes

Despite these challenges, there are still ways your company can reduce its annual freight expenditures. The following is a brief summary of some best practices in freight cost containment.



- 1) **Take inventory of all freight provider contracts and file in a central area that is easy for your traffic managers to review and track.** This will allow you to accurately calculate your contract rates and accurately record the accessorial charges. A step this simple can result in as much as 10% reduction in administrative cost associated with the freight function.
- 2) **Review your National Motor Freight Classification (NMFC) codes.** The NMFC is a publication that contains rules, descriptions, and ratings of all commodities moving in commerce. The publication is used to classify freight for freight bill rating purposes. These codes can change frequently. If your NMFC code for your products is not correct, then you might be overpaying for your shipments.
- 3) **Optimize your loads and routes.** As freight optimization technology has advanced, it has become easier for our clients to take advantage of the savings created by combining orders and consolidating the volume of shipments. Additionally, an effective optimization plan can free valuable resources from the time-consuming process of manually building and adjusting loads. This can reduce your overall freight costs by an additional 5-10%
- 4) **Negotiate with your carriers on a regular basis.** Reducing your rates does not mean that your service has to suffer. There is almost always room for rate reductions, and the better information you have about your routes and loads, the better prepared you are to realize savings through rate negotiations.
- 5) **Use industry experts to help you accelerate your savings potential.** Third party freight specialists typically provide expertise, purchasing power and technology to help you capture cost savings and efficiencies that you cannot achieve on your own.

Alliance Cost Containment's experienced freight professionals have helped hundreds of companies reduce their freight and express delivery costs over the past fourteen years. Please contact us at **(866) 364-2848**, or [mlee@alliancecost.com](mailto:mlee@alliancecost.com) for a no-cost analysis of your savings potential.

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## ACC Milestones



Alliance Cost Containment is the leading cost management firm serving the mid-market. Since 1992, we have:

- **Served nearly 700 businesses and organizations;**
- **Managed over \$500 million in annual indirect expenses;**
- **Generated more than \$50 million in annual savings;**
- **Implemented more than 3,500 supplier savings proposals;**

Our track record and expertise in providing procurement services to the middle market is unmatched. Please contact us at **(866) 364-2848** or [MLee@alliancecost.com](mailto:MLee@alliancecost.com) if you are interested in how we can help you reduce your costs.

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## About Alliance Cost Containment



Alliance Cost Containment is a leading national procurement company that helps businesses and organizations significantly reduce operating expenses. Since 1992, we've helped nearly 700 businesses and organizations find undiscovered cost savings. And there's no risk. We don't get paid unless and until you get the savings.