

Consultants who specialize in cost-cutting opportunities poised to benefit

by Nathan Bomey | Ann Arbor Business Review
Thursday December 04, 2008, 5:05 AM



As companies in all sectors feverishly conserve cash in the economic crisis, consultants who specialize in helping businesses identify cost-cutting opportunities are poised to benefit.

One local businessman, former newspaper executive Fred Manuel, is developing a steady base of clients, ranging from major manufacturers to nonprofits, and helping them streamline costs.

Manuel, who oversaw some 325 employees as CEO of Heritage Media Group until six years ago, is a consultant for a growing national firm called Alliance Cost Containment.

The firm has some 38 offices nationwide and 70 consultants who meet with companies ranging in revenue from \$10 million to hundreds of millions to identify areas where they can save money. Alliance Cost uses a centralized database housed in Louisville, Ky. to determine whether companies are getting fair deals on contracts such as freight, communications devices and office supplies. A former purchasing executive created the database a few years ago - although Alliance Cost was formed in 1992. Clients pay Alliance Cost a percentage of the savings they achieve.

"It's really a compelling business model," Manuel said. "We can help you save money without having to lay off people."

Manuel said Alliance Cost leverages the contracts information in its database to entice vendors to offer more competitive deals to their clients. For every client, he conducts an analysis of their budgets and sends letters to incumbent vendors and prospective vendors to request new bids. Subject matter experts based in Louisville and elsewhere throughout the country provide advice specific to the needs of each client.

Manuel said that for 12 months following initial cost analysis and contract changes, he analyzes bills to "make sure the discounts are there."

Among the most common areas where businesses can save are communication devices, utility deals, freight, uniforms, office supplies and service contracts, Manuel said.

Companies often underestimate how much they're overpaying for specific services. Manuel said he saved one company \$20,000 on mobile phones alone. He said he helped a major automotive components manufacturer save 19 percent on its freight bill.

Companies in all sectors are desperately seeking cost-cutting opportunities. That leads to increasing demand for services that help streamline operations.

Major industrial energy users, for example, can tap DTE Energy's Detroit Edison Energy Partnership and Services Team - which places consultants on-site at an industrial location to provide power-saving advice.

"We look at all their operations, their processes, and determine where they can save on their energy costs," said Scott Simons, a DTE spokesman.

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