

What are the options to genuinely improve profitability without risk?

With the downturn no longer looking like it will be a gentle dip into a short recession, stake holders in organisations throughout the economy be they business or not for profit, can no longer afford to wait and see how things turn out. Action is required and all effort needs to be focused on how to improve profitability when markets are slowing or shutting down completely.

With the seemingly endless succession of job cuts the irony is that just as resource, knowledge and experience is required more than ever, many organisations are losing valuable support. How then can people left behind maximise their own skill sets without dissipating their energy in areas they feel less equipped or comfortable in?

The Auditel advantage

Outsourcing has grown considerably over the last decade as organisations have experienced a growth in competition and the need to pare internal resources to compete. However, sometimes the advantages of outsourcing have seen a less than satisfactory return for the importing of expertise at a cost that has not returned the expected results.

There is no doubt that there is exceptional expertise to be had but picking who and how to engage represents a potentially high risk for any organisation. Too often the risk of engagement is borne by the organisation, who only after they have paid is it too late in realising the value that could have been achieved.

Any organisation that now needs to consider risk before gain needs to ask itself some fundamental questions.

Can I afford to look at costs internally?

With less staff-time available does it make sense for them to engage in tasks that are not part of their original remit and in areas where they have little or no expertise? What of the tasks they need to give more time to whilst they are engaged in tasks that they might have little taste for or aptitude to? Will those tasks suffer and at what cost both in time, effectiveness and money? It's an illusion that money saved by internal resources is a 100% gain.

There is a big difference between cutting costs and managing them. Price is only a very narrow component of a sustained and intense analysis of how to permanently and resolutely keep costs under control. As much benefit can be gained, from understanding how costs arose in the first place and what steps can be taken to manage these down. If this isn't aligned with a comprehensive understanding of alternatives in the marketplace, a great deal of potential cost saving advantage is lost.

Just one example can highlight this: Recently a now client underwent an internal review of their costs and tendered for a different supplier for their telecoms cost. Unfortunately the tender was not subject to a detailed analysis and failed to pick up fraudulent activity by a member of staff. The cost to the company of this was close to £8,000 p.a.

The company did indeed reduce their costs but were now getting only slightly better rates for the fraudulent activity instead of eliminating the cost entirely. This "saving" dwarfed the advantage gained by keeping the exercise in-house.

With a plethora of competing companies all vying for the same market, the requirement to differentiate amongst those competitors leads to confusion marketing, where companies looking for competitive advantage do not want potential customers, or for that matter clients, being able to easily compare their offerings to others. If this involves highly technical areas like telecoms, energy and insurance, even the most sophisticated organisations can find itself hard pressed to make an informed choice without some guidance from genuine specialists. Even if that is available in some areas there is always going to be a deficiency in many others. Outsourcing to Auditel can complement that expertise at no cost and no risk.

If the confusion marketing is not enough in itself then salesmanship can compound the decision-making problem. If your internal resource does not have a high degree of technical expertise and market awareness, the possibilities of making the wrong choice and losing out on the most competitive best value options increases, particularly if the internal resource is not up to the sales persons skill.

What are the outsourced options?

Cui Bono – to whose benefit. This is the way to think about whom and on what terms to look at an external source for reducing costs. If you ask an individual or company to look at your expenditure, either direct from a supplier or acting on a commission only basis, it is potentially a “cost free” exercise. The problem is that these arrangements are often a zero-sum game. I win you lose. Either a supplier or an agent is always looking to maximise their gain at your expense, looking only to concede enough to win the account. They are not incentivised to compare with the competition, they are not incentivised to reduce consumption, they are not incentivised to look at historical usage for errors and they are certainly not going to continue to correct errors that are not pointed out to them or look for and reveal more cost saving opportunities as they arise, particularly in the case of competitor offerings.

Auditel on the other hand has looked at all the methods of managing costs and has decided that the best way of protecting the interests of the consumer is to remain completely independent from all suppliers and to work on a performance driven basis, only sharing in savings after they have been realised, ensuring a cash flow friendly arrangement to their clients.

Only being paid by results, is the clients guarantee that their best interests are served by the incentive this gives to the over 125 consultants working throughout the UK, to maximise the client’s gain. With a win-win arrangement Auditel works with and for its client’s to maximise mutual benefit, not just through cost reduction but looking at the total cost of purchase and how this is managed. This transparency means that **every** opportunity to drive down costs is explored.

Auditel was involved from the beginning of utility deregulation and in 15 years has grown to be the premier cost management consultancy in the UK. Reviewing 12 major areas of expenditure containing over 75 categories of overhead spend; there is **no** company or organisation that Auditel could not improve on their profitability.

What about risk?

By engaging Auditel you do not have to concern yourselves about facing any up-front fees that may not be recovered entirely or at all. Only when a benefit has accrued to you are you expected to share. Cash flow is King after all and we recognise it.

Auditel does not just leave you to it either. We will implement all our recommendations once approved by you. But we don’t just leave it there either, to ensure that everything runs smoothly we monitor and report each month so you know exactly what has happened with your supply and can be confident when paying your bill that it is perfectly correct.

Any problems are handled by your personal consultant leaving you in control but without day-to-day responsibility, leaving you with time and the money released by professional cost management to maximise your time and that of the rest of your staff; where it’s needed most. Auditel is sensitive to how its role might be perceived by staff and we pride ourselves on how we integrate with and complement other staff members to ensure we are not perceived as a threat. The idea is to release staff time to be more effective, not make it redundant.

If you are serious about not just cutting costs but managing them, are looking for specialist help in doing so and prefer to do so on a performance based incentive that guarantees a result leaving you with more time and money, then please contact: chris.baker@auditel.co.uk or by phone 01495 225793.