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Five steps to save your business money in 2010

by Jon Winsett, CEO, NPI Financial

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As retailers pore over receipts for this year's holiday season, many are finding a slight uptick in sales, but not the windfall they were hoping for. With no guarantees that 2010 will bring with it a rebound in the economy, retailers must be able to thrive despite consumers' continuing frugality.

Here are five steps that you can take — none of which require cutting jobs — to make 2010 a banner year:

1. Benchmark spending

Failing to benchmark spending can cost companies hundreds of thousands of dollars. For example, a retail company that spends \$1 million annually on transportation loses approximately \$1,000 daily if it doesn't benchmark spending. Have an exact understanding of your expenditures so all costs are accounted for, reducing the risk of going over budget. Conduct an audit of all expenditures to find out where you're overpaying and underutilizing. Not sure if you have the resources to do this internally? Consult with an experienced third-party vendor.

2. Get involved

Stay connected to your company's spend environment, and know who your vendors are. Be aware of contract renewals and deadlines to avoid any additional costs. And don't forget to evaluate the competition. Understanding the competitive landscape for each vendor will help you obtain the best deals and prevent you from being blindsided by bad ones.

3. Use your calendar

Purchasing products and services right at the moment you need them may not work to your benefit. Since companies are driven by quarterly and year-end results, the best time to negotiate is at the end of quarters, when list price is usually meaningless. You'll generally get better prices, as vendors are working to meet their bottom lines.

4. Negotiate

Now is the best time to pursue deals with vendors, especially those in transportation/shipping and IT. Vendors may make claims that sound non-negotiable, but often that's not the case. They too are feeling the effects of the economy and are more willing to maintain an existing client at a lower cost.

5. Read the fine print

Different vendors have different prices and stipulations. Read the fine print of contracts to increase transparency from your vendors so you can be sure you're getting fair market terms and conditions at fair market value. There's little regulation in this area, so it's up to you to make the extra effort to know exactly what you're paying for.

None of us are immune to the economy. But combining these measures with other smart spending behavior can make the difference between thriving and merely surviving.

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