

How to **SAVE** on your **EXPENSES** with **Minimal Effort**

The Low Hanging Fruit...



What if someone told you they can...

SAVE up to **75** % in **40**
Expense
Categories

with **0** Risk and **0** Cost

to your business ?

Agenda

- 1) Ways to improve bottom line**
- 2) Cost of Goods reduction**
- 3) Expenses / Indirect Costs reduction**
- 4) Examples of Indirect Costs initiatives**
- 5) Key questions to identify opportunities**
- 6) Q & A**

3 ways to improve bottom line...

a) Increase Sales



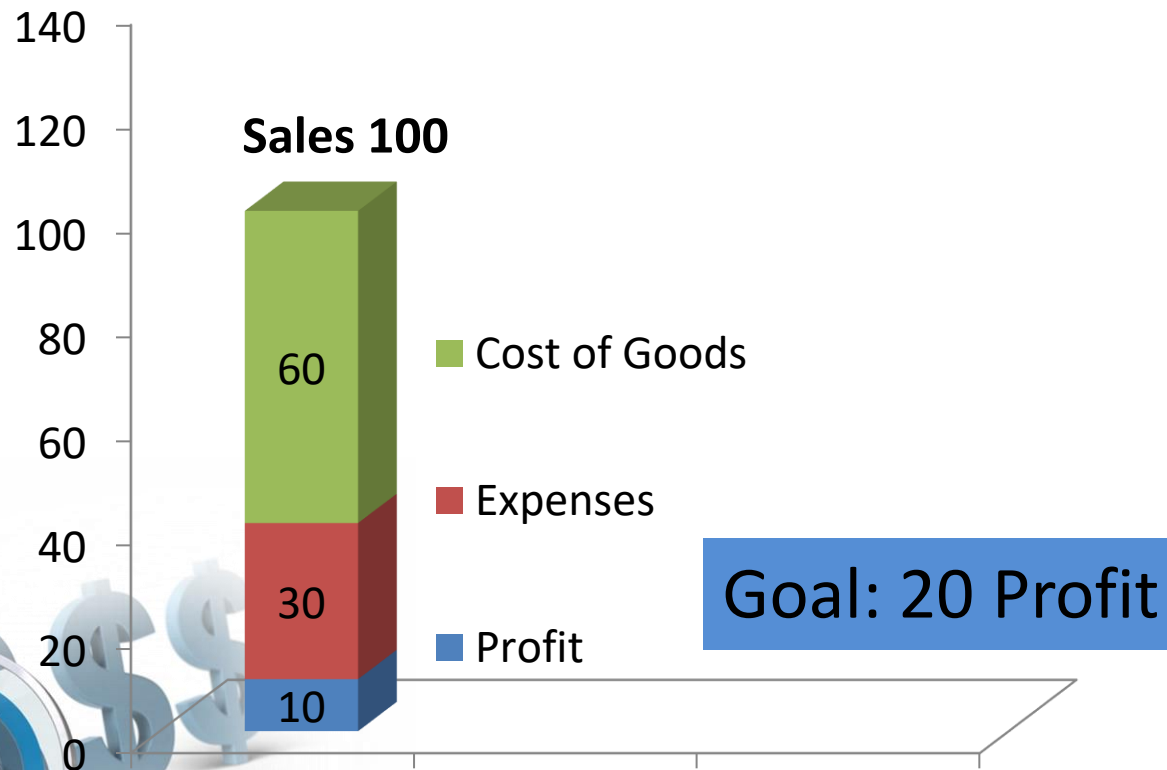
b) Cut Cost of Goods



c) Reduce Expenses (Indirect Costs)

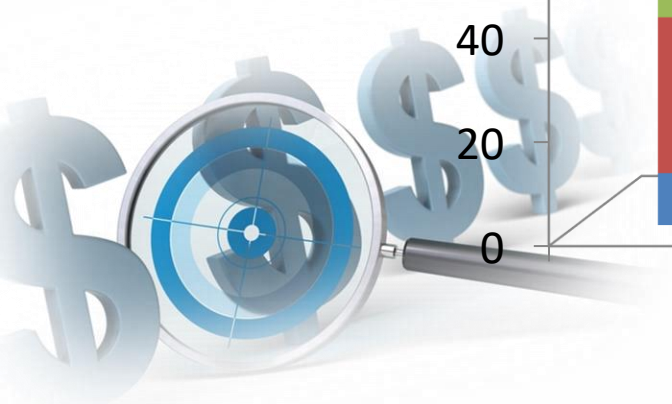
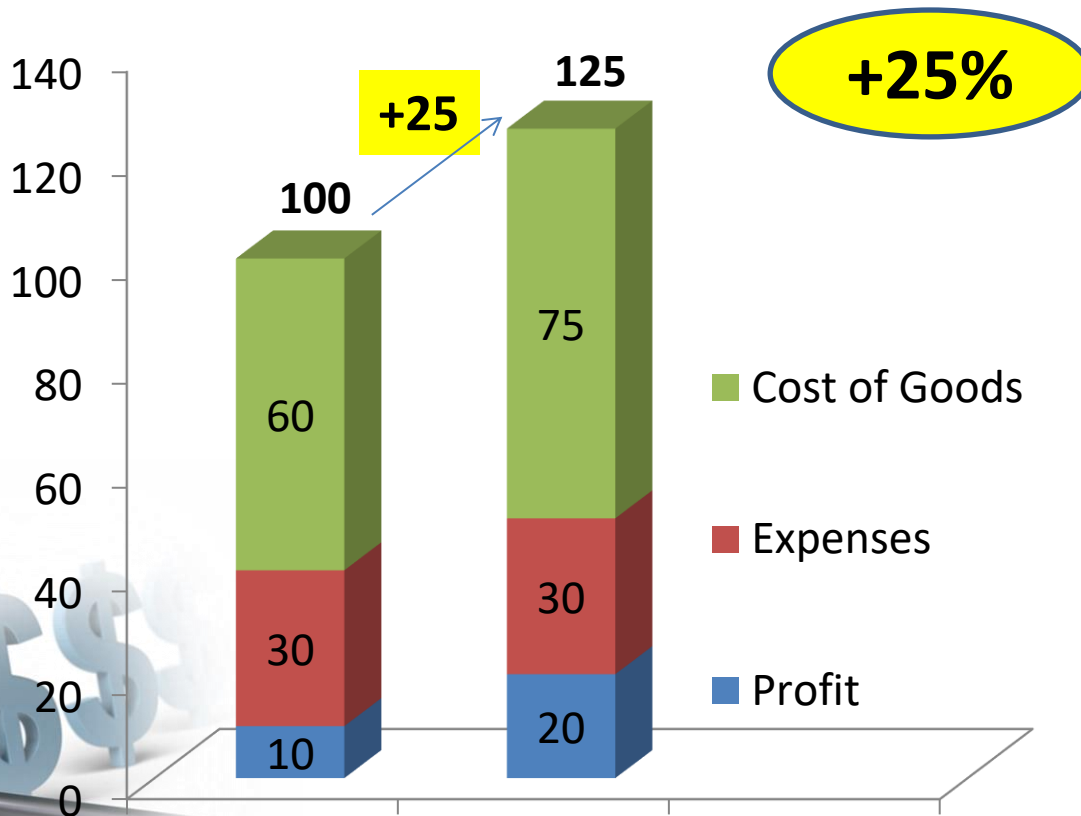


Ways to improve bottom line...



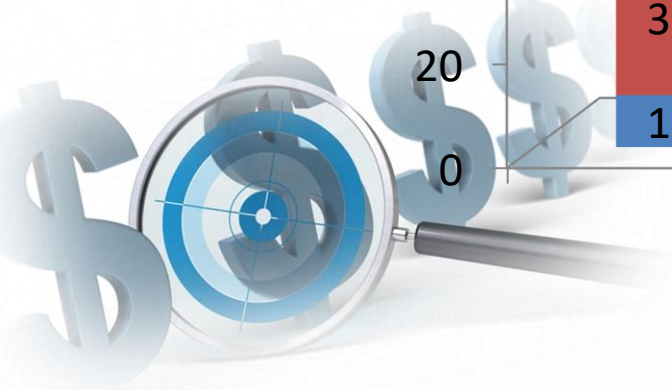
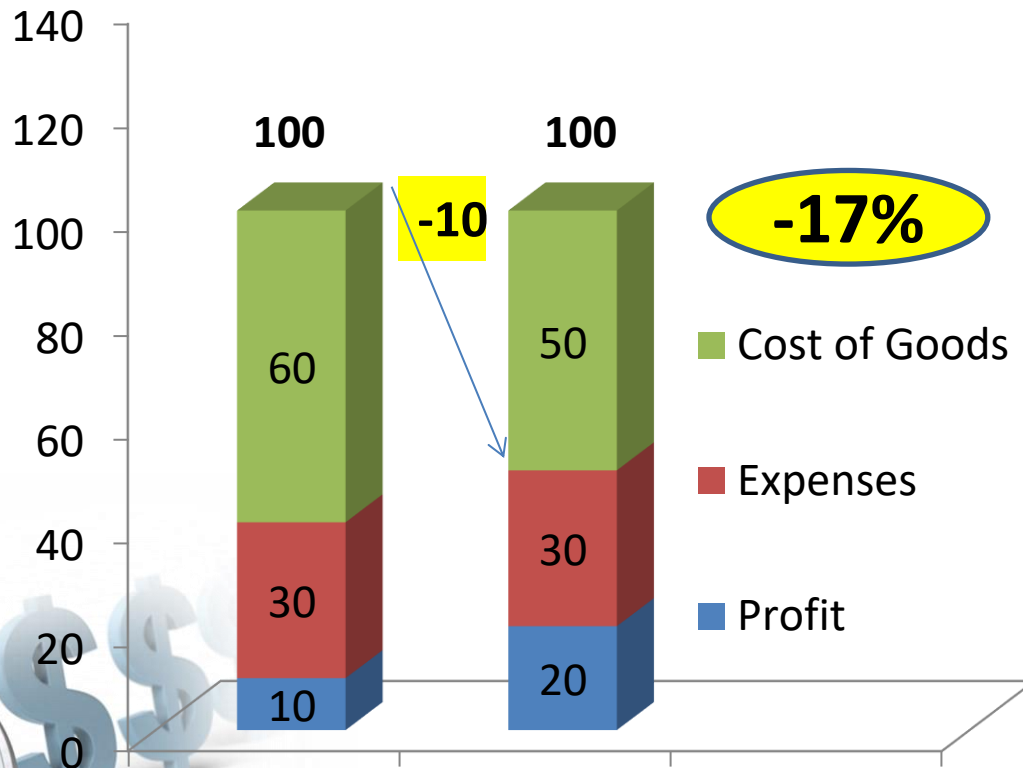
Ways to improve bottom line:

a) Increase Sales



Ways to improve bottom line:

b) Reduce Cost of Goods



Strategies to reduce Cost of Goods

- 1) New suppliers for same materials**
- 2) Change your product:**
 - **Formulation / Design**
 - **Packaging**
 - **Downsizing**
- 3) Modify processes to improve productivity, reduce waste and/or labor**

Challenges to reducing Cost of Goods

1) New vendors performance

- **Internal testing**
- **Consistency on materials quality**
- **Delivery times and reliability**
- **Cost stability**

2) Maintain product quality

- **Test prototypes with customers**
- **Guarantee product stability**
- **Customers perception of change**
- **Staff time**

Challenges to reducing Cost of Goods



Challenges to reducing Cost of Goods

3) New process implementation

- **Monetary Investment (i.e New Machinery)**
- **Staff time for design, testing and implementation**
- **Requires Set up/Down time**
- **Long implementation**
- **Resistance to change**
- **Workforce morale**

Bottom Line...

**Cost of Goods reduction
can be very effective, however ...
...it can be **PAINFUL****



Another option...

Expenses / Indirect Costs Reduction **The Low Hanging Fruit...**



Indirect Costs Categories examples...

Telecom



Utilities



Insurance



Merchant Processing



Freight



Taxes



Indirect Cost Reduction advantages

1) Changes don't affect product or service

2) Much easier to implement

- **Minimal time invested from staff**
- **No changes to processes**

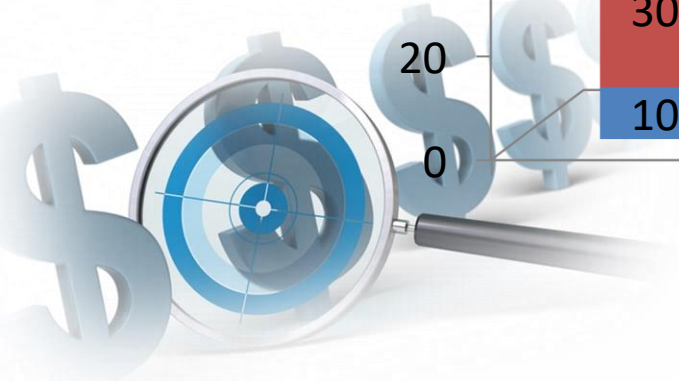
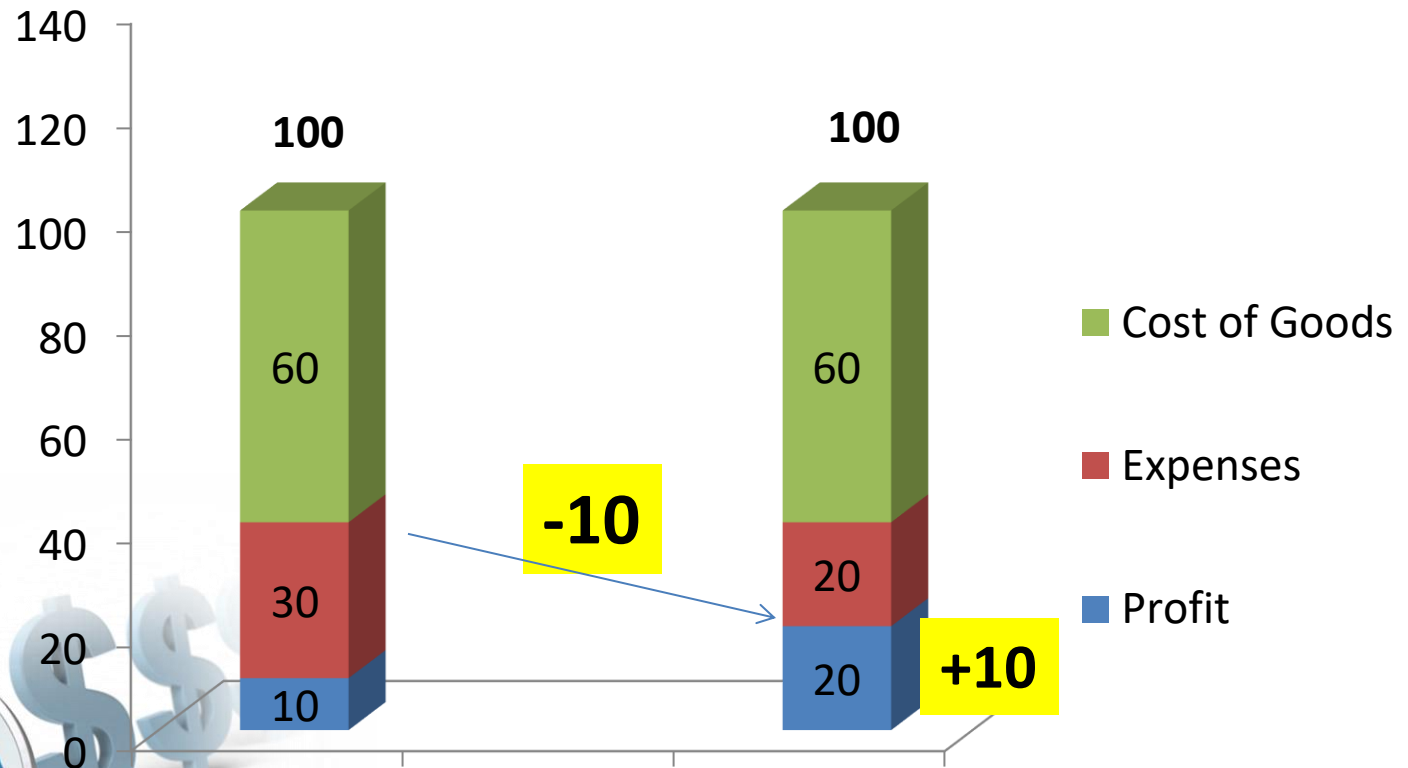
3) Requires no monetary investment

- **Infinite ROI**
- **RONI - (Return on Non-Investment)**
- **High return on staff time**

4) Savings captured in shorter times

5) Doesn't affect employee morale

Every dollar saved goes directly to bottom line...



Why businesses overspend in Indirect Costs ?



Time/Resource
Constraints



Lack of
Industry
knowledge



Focus on Sales or
Direct Costs



Inertia/No will

Direct vs. Indirect Costs

Pet Cosmetics Manufacturer



\$2 per lb



\$0.95 Bottle



\$15/hr

Direct Costs

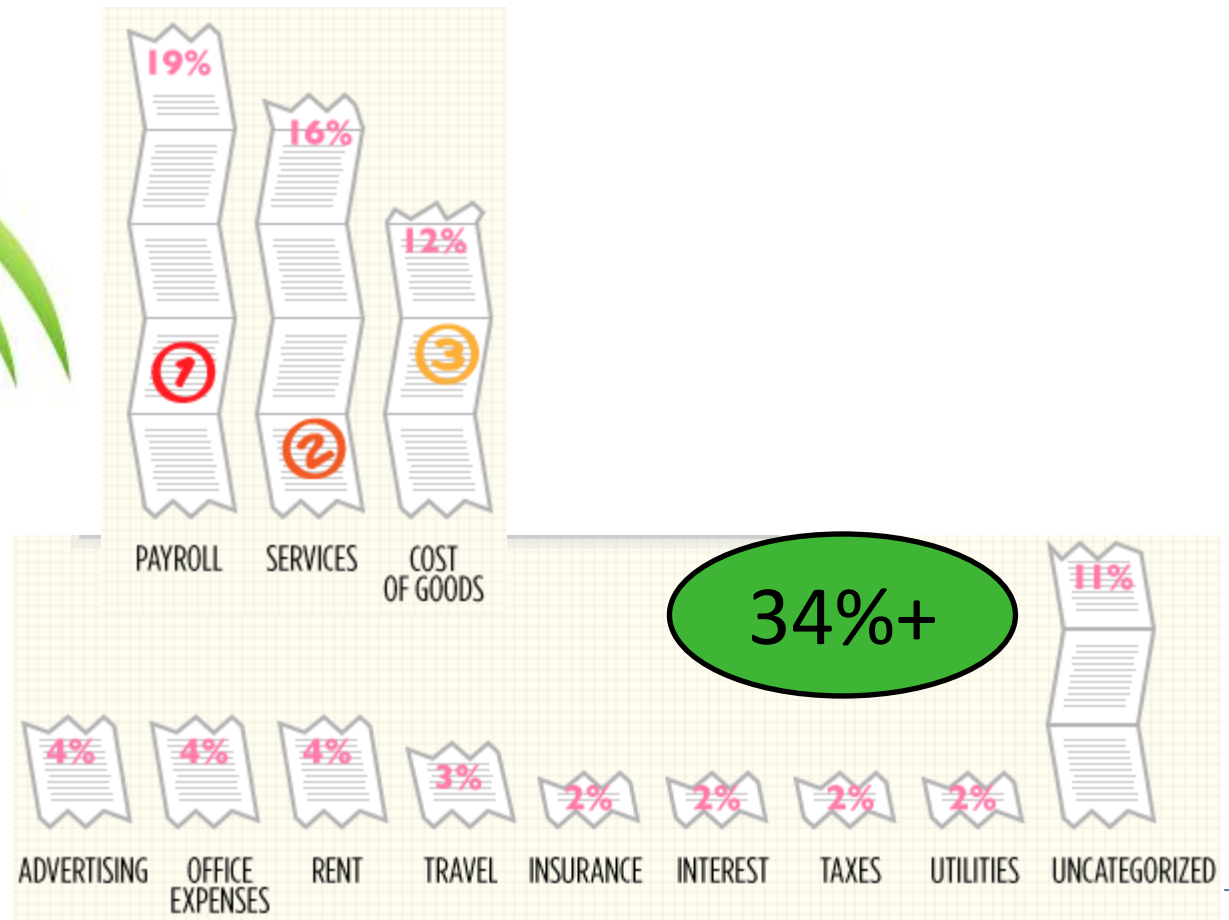
Direct vs. Indirect Costs

Beverage Manufacturer



Indirect Costs

Indirect costs usually slip under the radar...



Indirect costs

Some Indirect Costs Reduction examples...



Indirect Cost Reduction - Telecom

Industrial Equipment Manufacturer



- **Locations connected with MPLS + Landlines**
- **Replaced it for SD - Wan + PRI Technology with new more competitive vendor**
- **\$70K annual savings (41%)**

Payroll Processing/Benefits

Fresh Herbs Packer



- **5 locations nationwide**
- **Several Workers Comp claims**
- **Placed them with a PEO company, lowered WC and Healthcare Costs, added staff safety training**
- **\$60K annual savings (12%)**

Indirect Cost Reduction - Energy

Plastic Bottle Manufacturer



- **Found a lower rate based on their use**
- **Took advantage of a tax credit**
- **\$23K annual savings (12%)**

Liability Insurance

Cheese Manufacturer / Distributor



- **Duplicity of Coverage (Plant + Distributor)**
- **Plant issued COI adding Distributors and Retailers as additional insured**
- **Reduced Distributor Liability Policy**
- **\$35K annual savings (45%)**

Indirect Cost Reduction – Property Taxes

Pharmaceutical Manufacturer



- **Helped analyze and appeal County Taxes**
- **\$25K annual savings (8%)**

Merchant Processing

Building Materials Manufacturer



- **New vendor better rates and service**
- **Level 3 processing**
- **Integrated AMEX processing with Visa/MC**
- **\$65K annual savings (32%)**

Indirect Cost Reduction – R&D Ice Cream Manufacturer



- **Coordinated process to do study and claim R&D Credits**
- **\$35K/yr savings + future credits**
 - **4 hours invested by staff**
 - **\$8,750 \$/hr return on their time**

Indirect Cost Reduction – Water **Food Manufacturer**



- **Coordinated Project to reduce Water use**
- **\$26K/yr savings (18%)**

Indirect Cost Reduction – ERTC Printing Company



- **Coordinated process of qualification, credit calculation and filing**
- **\$2.5M credits**

Key Assumption on Expense Reduction

**There is no such thing
as a stable Optimal Cost...**



Challenges to sustain Optimal Costs

1) Business needs evolve

2) Technology innovation

3) Industry dynamics

- **New Vendors**
- **New Plans**
- **Market conditions**

Reevaluate costs constantly

Key questions to identify Indirect Cost Opportunities

- Are you keeping track of your invoices contracts and renewals ?
Auto-Renewals
- Do your current plans fit your needs ?
 - **i.e Garbage, Telecom, Energy.**
- Do you have any redundancy or unused services ?
 - **i.e Telecom, PEOs, etc.**
- Are there any new vendors, plans or technologies to provide same services ? **i.e Cellphones, Water, Freight.**
- Is there a smarter way to cover the same need ?
 - **i.e. Insurance, Payroll, Packaging Materials, etc.**

- **Are you taking advantage of all available Federal or State incentives ?**
- **Do you have the resources to monitor costs, contracts and new opportunities ?**
- **If not...suggest asking for help to avoid...**



About

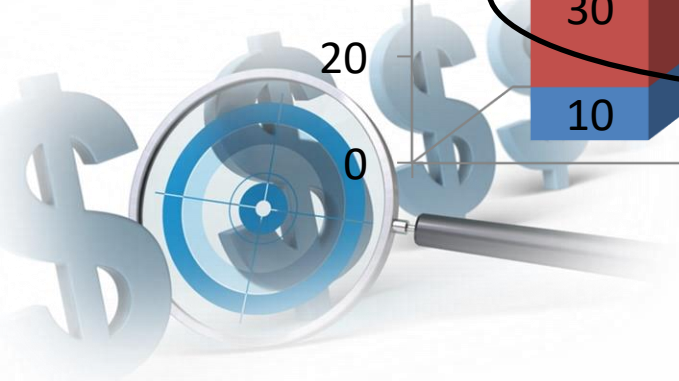
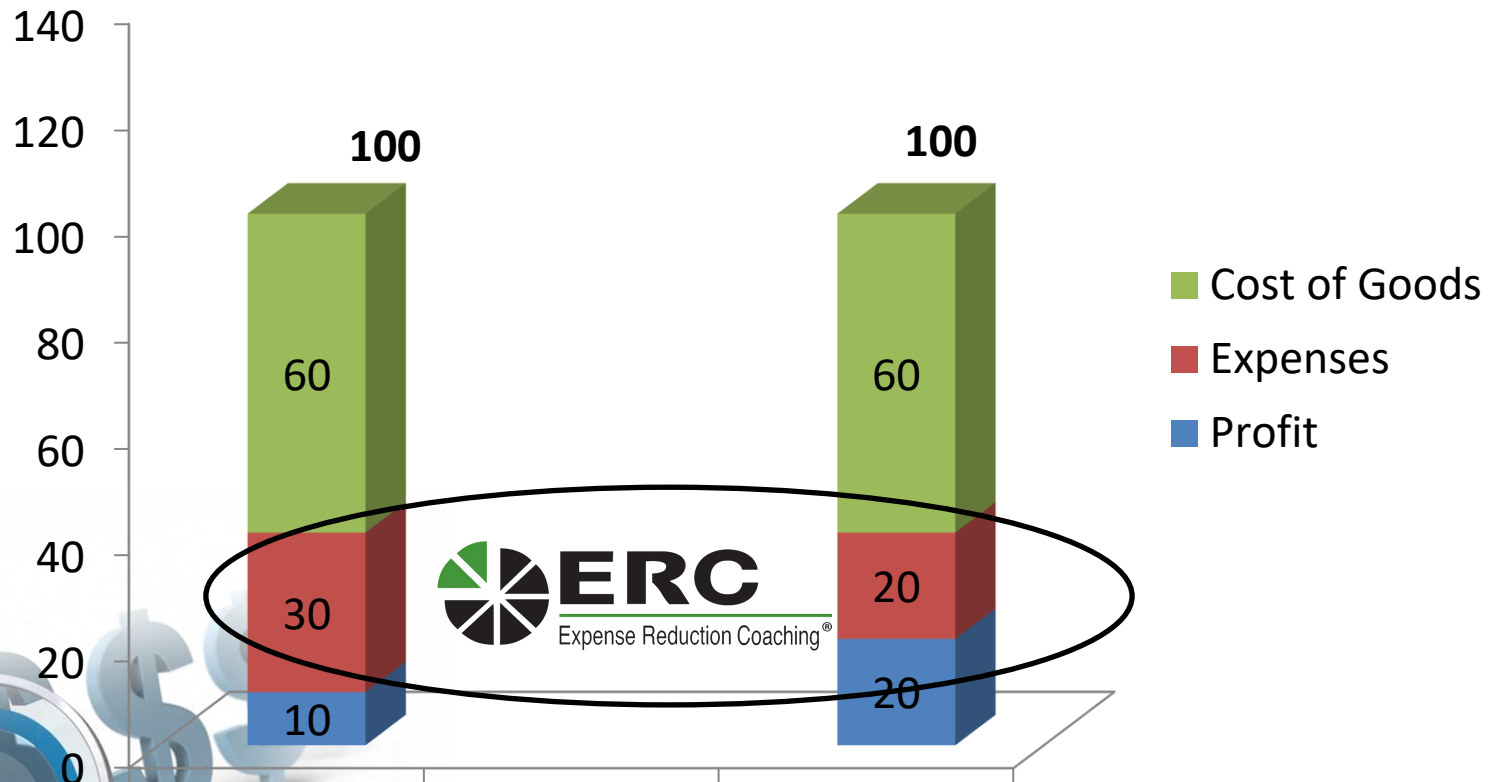


- **Founded 1993 in South Florida**
- **Expanded Nationwide in 2010**
- **Group of executives nationwide with extensive experience in Operations, Purchasing, Marketing and Consulting.**
- **One simple goal:**

Help businesses improve profits by reducing Indirect Costs / Expenses



The world we live in...



About ERC



**Industry Knowledge
and methodology**



**Large and
Reliable Vendor
Network**



Results Oriented

**NO RISK
and
NO COST**



**Paid by Performance.
Savings pay fees**



Thank you for your time...

Q & A

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