

MANAGING YOUR BOTTOMLINE



Reducing Costs, Increasing Profitability

(NAPSA)—Given the intense focus on fiscal discipline today, it's only natural that businesses of all sizes are looking for opportunities to reduce costs and increase profitability.

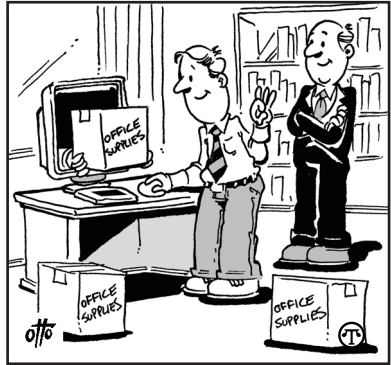
One of the first steps a company takes to save money is to figure out how it spends money, with whom, for what and the number of suppliers with whom it conducts business. A recent survey reveals some interesting insights as to how this process works for supply management executives nationwide.

The survey, conducted by the largest supply management association in the world, the Institute for Supply Management (ISM), and Staples Contract Division indicates that 90 percent of supply management executives are involved in some sort of formal analysis to identify areas in which they can save and consolidate vendors.

Of those surveyed, 86 percent are currently looking for ways to consolidate vendors, with 70 percent reducing the number of their suppliers and 76 percent expecting to further reduce the number of suppliers over the next two years.

For many of these companies, office supplies are the first product to consolidate on. Office supplies are commonly a "proving ground" category for what eventually become broader changes in the way an organization purchases products and services.

While price is very important, many other factors should be considered when choosing suppliers, such as the quality of the goods or services to be purchased.



"Businesses should look for suppliers that not only set themselves apart by offering goods and services of superior quality for the right price, but also act as strategic consultants that help set and achieve annual savings goals and provide ongoing recommendations for refining purchases over time," says Tom Heisroth, President, Staples National Advantage, Staples Contract Division.

As a buyer, a company should look for the lowest total delivered cost that includes other components such as the costs of ordering, transportation, handling, inventory, credit and accounts payable.

In the end, businesses can set themselves apart by taking steps that minimize the costs of doing business. Such steps include working with suppliers that provide e-commerce capabilities that reduce ordering and payment costs, as well as work proactively with their customers to reduce costs.

To learn more about how to effectively analyze costs and select the right suppliers, visit www.StaplesContract.com or call (877) 520-5465.