

**PCS Group Forum  
February 16, 2022**

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# February 16th Agenda

- Introduce The CFO Solution/PCS Forum
- Today's first session
  - Best Process for Human Capital Mgmt.
- Second session-
  - How to really reduce costs!**

# What is the CFO Solution?

- We share best practices and best processes from peer CFOs.
- We don't know everything and our ideas are not always right for your situation but we believe it is helpful to share what your peers are doing.

You decide if you should consider-if we can help, just ask.

# What we don't do (and do)

- We don't charge for our services.
- We don't consult or sell you anything.
- We don't compromise or embarrass you.
  
- We will take your call, discuss our ideas.
- We will introduce you to our SME expert and they will continue the conversation.

# Contingency Cost Reduction

- In December, we introduced using contingency “partners” to reduce costs
- Some of you didn’t believe me and some didn’t agree with me
- Many of us have been over sold and under delivered by “shysters” so let’s address good and bad “partners”!

# Your cold caller experiences

- They tend to cold call and offer to review your AP register and promise to save you \$ everywhere.
- I would never give our GL or AP register to anyone!
- They want control and 50% of the “savings”
- Your strategic purchases **MUST** be handled by your procurement folks and they have to be focused on quality, deliver, value and tech support.

# Strategic Procurement

- Key purchases probably represent 70% of your spend (excluding labor, benefits, rent, CPA and legal). You should know this spending stack, the trends, key suppliers and any performance issues and risks.
- The remaining 30% are important but I don't expect my buyers to be focused on these and would outsource when I could.

# More examples

- Start with the analysis of “other spending”
- Utilities-electricity, gas, waste, telecom, data lines.  
If power is regulated, focus on usage. Get an expert involved. If unregulated, get an expert AND a cost advisor. Same for gas

For waste and telecom, get an assessment done. Savings over 25% are damn near a guarantee. Repeat for all of your non strategic purchases.

Usage-do you understand what you are paying for? Who reviews and approves the invoices?

Pricing-do you understand your bill? Tell the truth!

-do you understand how your vendor gets paid. You will be surprised at the commissions built in and the escalation that occurs along with the errors.

- do you understand your contract terms AND rights?



# Telecom, data and cell

I bet you are paying for fax lines and other dead or unneeded lines.

99% sure you are paying too much for cell plans. 30% savings are common.

Equipment charges, service fees, etc.

Phone salesman had commissions ranging from 15 to 30% so no incentive for the salesman to ever review it.

See the video on our site.

# Other categories / best practices

- Software and hardware purchase
- Software renewal/service agreements
- Office supplies/ maintenance and operating supplies
- Copiers and printers
- Waste disposal    Haz. Mat disposal    Medical waste
- Scrap resale
- Services janitorial, landscaping, credit card fees,
- Shipping-parcel to container loads
- Travel-rental cars, hotels, etc.
- Food and beverages-even beer, alcohol and wine in some states
  
- Use a partner! (we have them)
  - Must be transparent (view the invoice)    No lock in period for many
  - Goals aligned-pay them a % of hard (real) savings!
  - Medium to long term relationships pay off!
  - Quarterly reviews pay off!
  
- Focus your buyers on strategic (do what you do best and outsource the rest-buyers are expensive)
  
- Same for business insurance and healthcare (don't pay commissions-pay a fee!)

# How to implement

This should not threaten Procurement—they need to be focused on critical strategic purchases and not distracted by nuisance, low dollar purchasing. Using SME experts is a best practice not a punishment or blame game to procurement!

Figure out who is the contact for SMEs. I suggest it should be the CFO.

Pull all purchasing into Procurement. Get it out of the hands of shipping, admins, receptionists or the plant manager for a handful of reasons!

# Navigating our website

- Link to these sessions from PCS website or click on the PCS portal
- Visit [www.thecfosolution.org](http://www.thecfosolution.org), click on members button to see  
Past content (over 60 sessions) and future working sessions (90 min)
  - View the table of contents
  - Slides and/ or zoom sessions
  - Testimonials, videos and examples

Any questions, send me an email at [gbender@thecfosolution.org](mailto:gbender@thecfosolution.org) or call me at 215.421.8291

- Future session topics and dates (always 2 PM EST 3<sup>rd</sup> Wed. via zoom)

# To learn more

- Visit [www.thecfosolution.org](http://www.thecfosolution.org) website and click on the west coast portal aka PCS Portal

# Comments ?

- Visit the website through the PCS portal
- Let me know your thoughts and questions

[Gbender@thecfosolution.org](mailto:Gbender@thecfosolution.org)

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Thanks for joining our group!