



EXPENSE MANAGEMENT / CHEAT SHEET



Managing Expenses with an Eye on the Long Term

Whether your company is in growth mode, protecting what they have on hand, or adapting to a new normal, responsible expense management is never far from an executive's mind. This is particularly true during an economic downturn when the cash generated from expense reductions can be invested in growing your competitive advantage or as an alternative to layoffs.

Despite the need to be frugal in the short term, pursuing expense reductions without an eye on medium and long term objectives or specific stakeholder needs can actually lead to higher costs. Internal and external relationships can be easily damaged, and employees may circumvent procurement policies to buy the products and services they need rather than using the contracts in place.

Sustainable expense management programs should be managed to align outcomes with company objectives. Doing so amplifies their impact, strengthens stakeholder and supplier relationships, and provides real savings that can be reinvested as necessary.

In this printable 'cheat sheet', we share a process you can follow for strategic expense management and offer 24 different tactics that can be applied to your next expense management initiative.

For additional information on any of these strategies and tactics, please do not hesitate to contact me.

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[Book a Call](#)

Art of Procurement can help you strategically manage expenses so you can increase margins, strategically redeploy cash, or invest in long term growth:

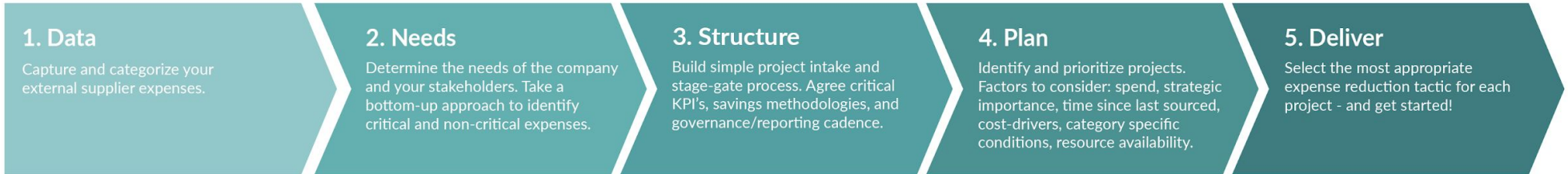
- ✓ Rapid deployment
- ✓ Covers all major spend areas
- ✓ No-risk contingency basis or as a managed service
- ✓ Sustained results through the Procurement, Inc. framework





EXPENSE MANAGEMENT / CHEAT SHEET

5-Step Expense Management Process



Expense Reduction Tactics

Incumbent Supplier Tactics	Demand Management Tactics	Category Tactics	Sourcing Tactics	General Tactics
<ul style="list-style-type: none"> • Renegotiate / restructure existing contracts • Reduce the cost to serve (e.g. less aggressive metrics) • Value Analysis / Value Engineering • Reduce scope of work • Negotiation with tier 2 suppliers • Inventory reduction / reassignment 	<ul style="list-style-type: none"> • Tighten approval authority levels • Standardize product / service specifications • Reuse products / services • Controls to stop duplicate purchases 	<ul style="list-style-type: none"> • Spend / supplier consolidation • Adjust volume mix across multiple suppliers • Substitute products / services • Bottom-up review of critical and non-critical spend. • Local sourcing to reduce total cost of ownership 	<ul style="list-style-type: none"> • Go to market (e.g. RFP) for contracts within 12 months of expiry. • Market test (e.g. eAuction) for commodity items 	<ul style="list-style-type: none"> • Leverage a GPO model • Buying desk for low-dollar spend items • Provide greater access to negotiated deals (e.g. catalogs) • Increase P-card usage • Institute spend governance to reduce savings leakage • Audit supplier invoices for accuracy • Creative bartering

Pitfalls to Avoid

- Determining category savings targets based on spend rather than market conditions.
- Taking actions that do not have alignment and buy-in from key stakeholders.
- Failing to account for future volume projections when calculating savings opportunities.
- Losing sight of the medium and long term goals; suppliers are key to your growth.

For more information on each tactic, go to:
<https://artofprocurement.com/expense-management>

Art of Procurement - Your Guide in Uncharted Waters

Whether you are in growth mode, protecting revenue, or adapting to a new normal, we put the power of the world's leading procurement experts to work for you.

Expense Management
 Supply Risk Mitigation
 Procurement Transformation
 Community Learning

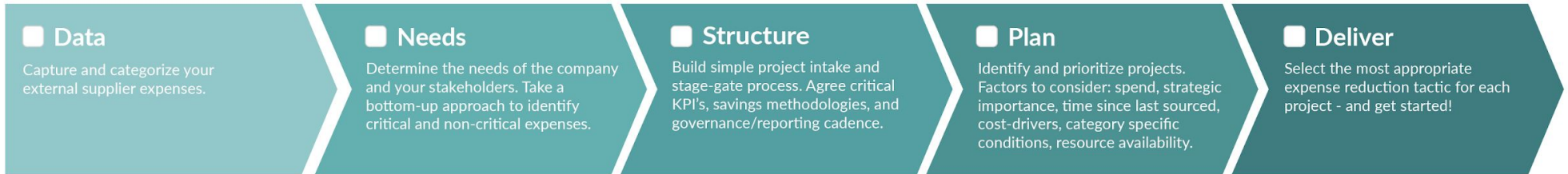




EXPENSE MANAGEMENT / WORKSHEET

Spend Category: _____

5-Step Expense Management Process



Expense Reduction Tactics

 Incumbent Supplier Tactics	 Demand Management Tactics	 Category Tactics	 Sourcing Tactics	 General Tactics
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