

A BIG MONEYSAVING TIP WE'VE BEEN RELUCTANT TO PUSH...TIL NOW

Until now, we've never wanted to publish this tip, but here it is: If, in the last three-to-five years, you haven't solicited bids for all your shareholder relations and "shareholder-servicing services" where you spend, say, a five-to-six-figure number...plan to do some "comparison shopping" as soon as possible.

Why, one might ask, would we NOT have published this simple-sounding tip? Three reasons:

First; because as "suppliers" ourselves and, we like to think, as "experienced buyers," we've always felt that suppliers are *valuable*, that our suppliers will always treat us *fairly* and that *they'll also bring us their best ideas* in order to keep us happy, since as every supplier knows - or ought to know- it costs a lot more to gain a customer, and even more to replace a lost customer than it costs to keep one on board.

Our second and related reason is that because the "service component" is so important to most corporate buyers - even for "commodity-like products" like printing or mailing, or "proxy-chasing" or "debiting and crediting" - it's not really smart to think they can or should be "auctioned-off" to the lowest bidder.

The overriding reason, however, is that historically, most corporate "buyers" were pretty savvy about market rates, so this knowledge - coupled with a marketplace where most suppliers knew the "going rates" too - imposed a nice, and mutually beneficial market-discipline on pricing.

So what's changed? Let's start with a non-judgmental observation: In the past five years, technology has changed the way virtually all the goods and services a public company needs to "service" its shareholders are *produced and delivered*. Whether we're talking financial printing, shareholder record keeping, proxy-chasing or legal work, technology has lowered the costs of producing the "basic goods and services" - by wringing manual labor out of every conceivable process. And this has created considerable "overcapacity" at all these providers...who suddenly have "extra" people, space, machinery, and lots of other overhead, left over from their busywork days, when so many things were done, and so much information needed to be extracted essentially "by hand." More recently, quiescent stock markets and "deal pipelines" have exacerbated this situation even more. The upshot? A buyer's market.

Ordinarily, buyers - and sellers too - *know* when there's a "buyers market", as noted earlier. But this too seems to have changed. Corporate folks these days seem to be just too busy to know what's been happening...or if they do know, most are too busy to do anything about it...and they're especially anxious not to tinker with the status-quo, because changing providers, as we all know, can create snafus that more than offset the expected

"savings"

And there's been another big change we've been noting in these pages with some regularity: Not every supplier has been responding with new ideas, better ideas and better products as a way to "take up the slack" and, simultaneously, keep customers on the ranch and replace lost revenues. In fact, many suppliers have been "laying in the weeds" - which is not really surprising, and not really "wrong", since most suppliers (a) hesitate to "rock the boat" on a stable relationship by peddling new products to old customers and (b) they'd be foolish, of course, to rush in with lower prices...unless or until they're asked.

The development that really ticks us off, however, and that prompts this tip, is that a lot of suppliers seem to have lost the sense of "fairness" to their loyal, long-term customers that most of us tend to count on...by offering steep discounts to *new customers*, even while ratcheting-up prices on old-timers. In the past few months we've seen a half-dozen situations where suppliers - including one of our own - who felt the client wouldn't "shop" - quoted rates that were three or even four times the "going" ones...like that agent we reported on in Nov/Dec '02 whose \$1 million+ price quote fell to \$250,000 after the client did a bit of "shopping"...or that envelope-buyer who was quoted \$.09 each, paid \$.03 after "negotiating" but who could have paid \$.015 on her huge quantities had she "comparison shopped."

We're certainly not suggesting that you put out RFPs on everything you buy. Quiet comparison shopping and good-faith negotiating will generally assure that you'll get "good pricing" and good advice on how to do things better, or to do a few extra things for the same money...as long as you're using the right supplier to begin with. But we *are* suggesting that where your bills are five-figures or higher, the opportunities for "finding money" may surprise you.

AN IMPORTANT END-NOTE ON ALL OUR MONEYSAVING SUGGESTIONS: Please note that none of our suggestions involve "taking money out of the hides" of your suppliers (unless, of course, your comparison shopping discloses that they've been "shafting you"). And they certainly don't involve cutting your budgets, during these times when most corporate people need MORE resources. Our advice, lo these past nine years, has always been the same: to periodically review - and re-deploy to *value-creating activities* - the money you save on activities that no longer create corporate value...and to *always make sure you get your full money's worth* when you spend those always-scarce budget dollars. That, in a nutshell, is what "*Optimizing*" means.

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