Are You Learning From Your Bills Or Just Paying Them?

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Business Intelligence & Operational Expense Management

Business intelligence. For too many, this seems like an oxymoron, but it does not have to be.

Business intelligence strategies bring to the forefront critical understanding of significant amounts of data for companies, including large industrial manufacturers. One of the most valuable business intelligence strategies a company can put in place is proactive performance management of operational expenses: energy, telecommunications and leasing.

The combination of these three operational expenses makes up about 25% of a company's overall budget. Currently, operational expenses are one of the top three threats to business, especially to multiple site companies who are faced with hundreds, if not thousands of utility bills geographically dispersed each month. On average, 10% to 15% of bills for operational expenses are inaccurate. It is virtually impossible for businesses to have the manpower to proactively analyze every bill to check for its accuracy – thus the data becomes exceptionally difficult to track, sort, and reasonably understand.

Paying the bills

So, how could a company know how much they are spending, whether or not bills are accurate, or whether or not they are paying the best rates? With internal manpower alone, most businesses cannot leverage any understanding from this data, and a vicious cycle occurs when companies are not learning from their utility bills, but are rather just paying them.

By instituting a comprehensive expense management and energy management program, good financial officers and facility managers can expect to make a significant positive impact to the bottom line. They can expect to potentially not only save tens or even hundreds of thousands of dollars, but also reduce labor costs, make more informed decisions and have peace of mind regarding their operations. In addition, recent developments such as Sarbanes-Oxley requirements and the new Energy Bill may force businesses to have these reporting mechanisms.

Cadence Network, Inc. works with multiple-site companies to institute fully integrated, operational expense management programs. They proactively audit electric, oil and gas, water, sewer, trash, lease and telecommunications bills, ensuring that each bill is not only correct but being charged at the ideal rate for each site.

Cadence Enterprise™, the web-enabled, bill auditing software program of Cadence Network, it tracks, monitors and audits bills coming into a multiple-site company. In a quick sweep, the software does all the checking and auditing that would take a company endless hours and expenses to do in-house. The process is simple, clean and efficient. Cadence's system of bill auditing also helps financial officers meet stringent Sarbanes-Oxley requirements.

A call for help

An 800–site, small-box manufacturing chain had begun to grow significantly through an acquisition to become a 1,400 site organization throughout the U.S. Each of these sites was responsible for their telecommunications expenses and standards, and thousands of bills from disparate locations with different rate structures continued to pour in. The client believed they had a handle on their telecommunications expenses for the original 800 sites, but indicated they had no understanding of the expenses of the newly acquired 600 sites.

The chain believed they were paying too much for their telecommunications services but had no idea exactly what issues they had or how to bring clarity to their operations. Cadence experts began assisting in the definition of corporate standards, benchmarking and establishing telecommunications parameters for each site, auditing the bills for errors and inconsistencies, negotiating better rates, and lifting the burden of paying bills.

As a result, Cadence's solutions provided the client visibility and clarity that was not available through the client's internal processes. Cadence found and corrected billing errors and developed consistent, corporate standards for telecommunications to be applied at each site. Within the first month, Cadence identified and resolved anomalies resulting in saving the client in excess $195,000. This included identifying unauthorized charges, adding accounts to the national contract and pointing out employee compliancy opportunities. For example, unauthorized employee usage situations resulted in savings of $6,000 per year. Savings also resulted from a set-up issue. In this instance, a data line was incorrectly set-up as a measured line. Correcting this mistake saved the client $4,500 annually.

The client realized immediate and ongoing hard dollar savings through the business intelligence and operational expense management solutions provided by Cadence Network. Also, by forming this partnership, the client was able to focus on the core competencies of their business, cutting significant amounts of time and manpower spent on managing their telecommunications solution. Hundreds of thousands of dollars in time and money and employee jobs were saved through outsourcing telecommunications auditing, procurement and bill payment to Cadence Network.

Cadence continues to monitor any fluctuations in billing at the individual sites for this client and immediately takes action if any bill at any site is out of set parameter, which indicates an error, employee abuse or possible change in phone service.

Managing expenses

It's all about competitive advantage and knowing your business better. A company

utilizing a professional operational expense management system has three competitive advantages: confidence in paying the most accurate and efficient operational expenses, reassurance that employee's jobs will not need to be cut, and confidence that finite natural resources, time and money will not be wasted.

Business intelligence, particularly as it relates to volatile operations expenses, is not an oxymoron anymore.

Effective expense management is the first step in an organizational transformation towards optimal efficiency for any business, especially those with multiple sites. Utilizing the tactics of business intelligence systems not only brings in savings to a company, but they also increase overall organizational effectiveness, enhance contract leverage, improve service supplier performance, eliminate non-value added activities, and enable a fact-based approach to continuous operations improvement. **Cadence Network, Inc. at 866-223-3623 or** www.cadencenetwork.com **[1].**

Jeff Hart joined Cadence Network in 2001 and became president and CEO in 2003. Prior to Cadence, Jeff had 15 years of experience in the software industry directing and managing various product support, development, strategy and management organizations.

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