



EXPENSE REDUCTION ANALYSTS®

GETTING A FAIR DEAL FROM YOUR TELECOMMUNICATIONS PROVIDER

Expense Reduction Analysts Consulting (ERA Consulting) telecommunications specialist, Graeme Cox believes that simply by treating your telecommunications as a commodity rather than a service you are on the right track to achieving value for money.

Graeme explains, "First an organisation needs to look at ways to reduce the average call price without necessarily changing supplier. There are a number of ways in which you can do this, but basically what it comes down to, is understanding what you're paying for and making sure that you're only paying for what you need. Then negotiating with your current supplier to reduce your call charge costs and the rental of associated services.

"If you have done all this and you are still not seeing an improvement in your average call price, then you may need to look at other suppliers."

Initially to work out what you are paying for requires looking at the costs of the two components involved in using the telephone. The first is the fixed cost for linking up to the rest of the world and this comprises phone lines and equipment (ie. handsets and PABXs etc) The second is the variable cost of the actual calls themselves.

The variable costs of the calls are of course the crux of the problem due to whether the call is made from a land line or mobile and whether the recipient is using a land line or mobile. Then there are different rates for local, national and international calls, to say nothing of other types of calls like community calls, neighbourhood calls or calls to 13 numbers.

Plus on top of the actual call charges, you have to pay access charges for using a mobile or line rental charges for the land line. And so the list goes on and so does the confusion.

But here Graeme shines light on the situation, "Regardless of how many elements there are in the pricing associated with making calls, the net effect is the same. If a business makes 10,000 calls in a month, then the cost of those calls is the actual call charges plus the monthly cost of renting phone lines etc needed to make the calls. Each call can be given a dollar cost in exactly the same way as we can attribute a cost to the paper we use for our correspondence."

How? By using the law of averages. Because different rates apply to different types of calls, you establish a basic price for these 10,000 call units by taking your total telecommunications charges for the month/s in question and dividing that amount by the number of call units for the month/s. You now have a benchmark average call cost which you can use each month to measure whether your charges are remaining constant or are going up and down. You also have a benchmark for negotiating what you continue to pay for your telecommunications.

Of course, it has to be recognised that while the concept is simple, it may be far from simple to establish the average call cost for your business. You probably have several different accounts, possibly with different suppliers, and you need to be able to decipher the information in those accounts to get to what you need to establish the average call cost. You may need outside professional help to establish this but the results will be well worth it.

Now you can see what the market has to offer you and whether your existing telecommunications provider is prepared to negotiate.

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COST MANAGEMENT IS ERA

ERA has been in the cost-management business since 1983, and in Australia since 1993. During that time, the company has stuck to a 'no savings, no fee' maxim – and found savings averaging 20 per cent for every single client it has helped. Clients enjoy reduced prices for goods and services, enhanced negotiation leverage with suppliers, improved cost analysis and management tools, improved inventory management, improved compliance with corporate contracts, and the introduction of new ideas and trends to help enhance their competitive advantage.

Whether Australian businesses choose to undertake a program of cost-management under their own steam, or choose to call in expert help like that provided by ERA, the benefits to their bottom line can be immense.

Every solution for every company is different, because every solution is tailor-made to that company's requirements and goals. From creating a profit culture within the organisation to cost management, ERA provides a total service that's totally accountable.

"Our clients always make the decisions about which alternatives are most suitable for them and are included in the process all the way through," says Fred Marfleet, Chairman of ERA Australia. "But our help and guidance ensures that they make the right decisions for now and well into the future."

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For more information or to arrange an interview please contact Paula Opfer at The Axis Public Relations & Marketing Company on (02) 9399 3380 or email paulaopfer@axis-trading.com