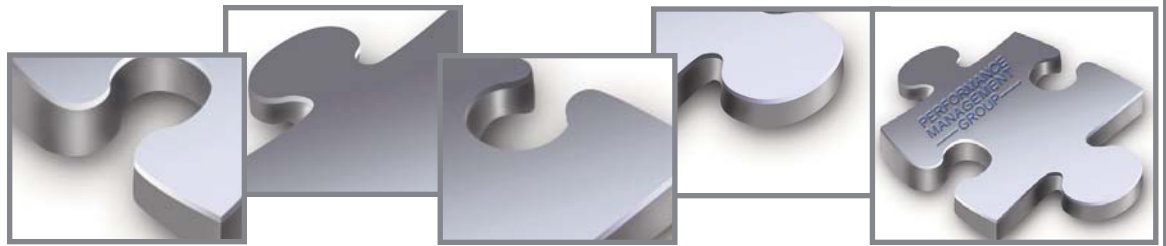


# PMG's Purchasing Spend Analysis (PSA)

## PERFORMANCE MANAGEMENT GROUP

Innovative Purchasing Solutions



### Identify Opportunities to Reduce Costs

Designed for the client who is interested in a quick review of cost reduction opportunities across the organization. This service reviews:

- ▶ Spend by Category
- ▶ Pricing at the Item/Service Level
- ▶ Purchasing Controls/Policies

The PSA is designed to identify spend in over 100 expense categories, then provide a systematic plan to reduce costs in each category. In addition to the analysis, PMG will provide an actual category recommendation that can be implemented to reduce your costs and that will offset the cost of the service - no risk! The PSA is a purchasing project that can be completed in as little as two to four weeks so that cost reduction opportunities can be identified immediately.

Purchase Item		Unit of Measure	Supplier / Vendor	Last Price Paid	Industry Benchmark	\$ Diff.	% Diff.
<b>PRINTED MATERIALS</b>							
<b>SHOP SUPPLIES</b>							
10001	White Ink + 2 Ink Cartridges	EA	Best Buy	\$1.00	\$0.72	\$0.28	28.00%
20001	Black Ink + 2 Ink Cartridges	EA	Best Buy	\$1.00	\$0.60	\$0.40	40.00%
30001	Yellow Ink + 2 Ink Cartridges	EA	Best Buy	\$1.00	\$0.50	\$0.50	50.00%
40001	Cyan Ink + 2 Ink Cartridges	EA	Best Buy	\$1.00	\$0.40	\$0.60	60.00%
50001	Magenta Ink + 2 Ink Cartridges	EA	Best Buy	\$1.00	\$0.30	\$0.70	70.00%
60001	Color Ink + 2 Ink Cartridges	EA	Best Buy	\$1.00	\$0.20	\$0.80	80.00%
70001	Black Ink + 2 Ink Cartridges	EA	Best Buy	\$1.00	\$0.10	\$0.90	90.00%
80001	Color Ink + 2 Ink Cartridges	EA	Best Buy	\$1.00	\$0.05	\$0.95	95.00%
90001	Black Ink + 2 Ink Cartridges	EA	Best Buy	\$1.00	\$0.01	\$0.99	99.00%
00001	Color Ink + 2 Ink Cartridges	EA	Best Buy	\$1.00	\$0.00	\$1.00	100.00%
<b>UNIFORMS</b>							
10001	Blue Uniform	EA	Best Buy	\$1.18	\$0.50	\$0.68	57.63%
20001	Black Uniform	EA	Best Buy	\$1.50	\$0.50	\$1.00	66.67%
30001	Grey Uniform	EA	Best Buy	\$1.80	\$0.50	\$1.30	72.22%
40001	White Uniform	EA	Best Buy	\$2.00	\$0.50	\$1.50	75.00%
50001	Green Uniform	EA	Best Buy	\$2.20	\$0.50	\$1.70	77.27%
60001	Red Uniform	EA	Best Buy	\$2.40	\$0.50	\$1.90	79.17%
70001	Orange Uniform	EA	Best Buy	\$2.60	\$0.50	\$2.10	80.77%
80001	Purple Uniform	EA	Best Buy	\$2.80	\$0.50	\$2.30	82.14%
90001	Brown Uniform	EA	Best Buy	\$3.00	\$0.50	\$2.50	83.33%
00001	Black Uniform	EA	Best Buy	\$3.20	\$0.50	\$2.70	84.38%
<b>CREDIT BUREAUS</b>							
10001	Credit Bureaus	EA	Credit Masters	\$25,737.00	\$43,498.00	\$17,761.00	68.99%
<b>CREDIT CARD PROCESSING</b>							
10001	Credit Card Processing	EA	Merchant Concepts	\$247,214.00	\$224,148.98	\$23,065.02	9.33%
<b>TOTAL</b>							
				\$25,737.00	\$43,498.00	\$17,761.00	68.99%
				\$247,214.00	\$224,148.98	\$23,065.02	9.33%
				\$272,951.00	\$267,646.98	\$5,304.02	1.94%

Telecom Category Recommendation					
CRP Background Information					
Date:	9/25/2008	Client:	XYZ Auto	Category:	Tele-Cell(TE-C)
Cat. Owner:	John Doe	CSM/S.Spec.	PMG Personell	CRP ID#:	1586
Current Supplier(s):	Sprint & Verizon				
Client Category Objectives:					
XYZ Auto wants to implement a local cell phone plan only for all non-executives in the company.					
Client Category Strategy					
RFQ:	X	Renegotiate:		NewSpec/Other:	
PMG Recommendation					
Client Benefits					
Area of Benefit	Previous	Proposed	# Change	% Change	
Spend - FIRST YEAR Cost Savings	\$195,311	\$108,233	\$87,077	45%	
Spend - SECOND YEAR Cost Savings	\$195,311	\$129,880	\$65,430	34%	
Spend - TOTAL 2-YR Cost Savings	\$390,621	\$238,113	\$152,508	39%	
Supply Base Reduction	2	1	1	50%	
Other Benefits					
Avoid Directory Assistance calls (\$1.79 per call) by using one of the following methods:					
• Use Google Text to look up information. For users with a text plan it's included. Without a text plan it's \$0.15.					
• Use your cell phone internet access to look up information.					
• Call 1-800-FREE 411, this is a company that provides 411 information after listening to a few short ads.					
New Devices:					
• Eligibility for newphones is based upon the individual contract status of each user and the date on which the user last had a phone upgrade.					
• Phone lines with expired contracts are eligible for new flip phones, or discounted PD A's. Discounts are only available at the time of new service or at future contract renewals.					
Key Assumptions					
• Sprint termination fees are \$200 per line. PMG assumes that any phone line expiring by the end of 2008, can be allowed to expire (as opposed to paying a termination fee). Thus termination fees for lines with 2008 expiration dates are referenced as zero termination fee.					
• Savings are based on volume from the billing account, not the individual handset user, and require the recommended changes taking place. However, even when all recommended changes occur, seasonality and fluctuating individual usage patterns can and will alter the level of savings presented in this analysis.					
• Taxes, Surcharges & Fees have been removed from this analysis because PMG cannot effect these charges.					

### Price Comparison Analysis Example

Our knowledgeable team of purchasing professionals guide clients in gathering expense category requirements, contract and last price paid information. Experienced PMG sourcing personnel will then source and qualify potential suppliers for selected expense categories. Upon completion of the quoting and negotiation process, clients receive expense category recommendations which they may implement to reduce costs. PMG is so confident that we will deliver real hard dollar savings that we guarantee clients a saving recommendation that will at least cover the cost of the PSA service - this no-risk offer allows your organization to stay competitive in today's tough economic environment!

### Category Recommendation Example

# PMG's Purchasing Spend Analysis (PSA)

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## PSA Client Benefits

- ▶ Detailed Category Spend Analysis
- ▶ Price Comparisons Using Your Last Price Paid
- ▶ Immediate Price Reduction
- ▶ Supply Base Reductions
- ▶ Improved Employee Focus
- ▶ Supplier Audits Available
- ▶ Improved Purchasing Policies and Controls
- ▶ Clients Focus on Core Business

## PSA Client Results

- ▶ 22.6% Average Cost Reductions
- ▶ 35% Supply Base Reductions

PERFORMANCE MANAGEMENT GROUP										ABC Automotive Group Workshop & Sonarcast Contract Dates: 1/1/08 - 12/31/08 2412008										ABC Automotive	
Year 1 Plan - Estimated Savings for 2008										Actual Year 1 (2008) Results											
CMR	Month	Supplier Category	Savings % of Plan	Savings \$ of Plan	Months	Proposed Date	Current Actual	New Actual	\$ Savings	% Savings	Current Suppliers	New Suppliers	Supplier Change	% Change	Inspection Complete	Discovery Audit	Rejection Reason				
10107	01/07	Crash Sockets	25%	\$20,000	Jan-07	10/20/08	\$120,000	\$58,267	\$24,133	20%	5	4	1	20%	11/05/08	5/23/08					
10107	01/07	Crash Card Processing	10%	\$20,751	Jan-07	10/20/08	\$207,510	\$207,510	\$0	0%	1	1	0	0%	10/21/08	10/21/08					
10107	01/07	Vehicle Body Repair	10%	\$20,426	Jan-07	10/20/08	\$10,402	\$11,204	\$20,051	20%	1	2	1	100%	10/20/08	10/20/08					
10107	01/07	Auto Parts	10%	\$18,608	Jan-07	10/20/08	\$1,761,071	\$1,664,941	\$86,130	5%	1	1	0	0%	10/20/08	10/20/08	Workshop & Sonarcast				
10108	01/08	Auto Parts	10%	\$17,242	Jan-08	10/20/08	\$886,741	\$886,741	\$0	0%	1	1	0	0%	10/20/08	10/20/08					
10108	01/08	Auto Parts (Parts & Supplies)	10%	\$17,242	Jan-08	10/20/08	\$2,732,008	\$2,732,008	\$0	0%	1	1	0	0%	10/20/08	10/20/08	Unk. Defect				
10108	01/08	Auto Parts (Mfg. Supp.)	10%	\$17,242	Jan-08	10/20/08	\$40,118	\$33,272	\$8,846	22%	1	4	3	300%	10/20/08	10/20/08	Part of Supp. or Current Vendor				
10108	01/08	Transportation - Small Pass	5%	\$1,877	Jan-08	10/20/08	\$113,430	\$71,278	\$42,152	37%	3	1	2	67%	8/20/08	N/A					
10108	01/08	Truck/Trailer	10%	\$14,130	Jan-08	10/20/08	\$33,074	\$42,522	\$19,348	58%	1	1	0	0%	10/20/08	10/20/08					
10108	01/08	Truck & Trailer	10%	\$1,007	Jan-08	10/20/08	\$33,074	\$33,074	\$0	0%	1	1	0	0%	10/20/08	10/20/08					
10108	01/08	Truck & Trailer	10%	\$1,007	Jan-08	10/20/08	\$33,074	\$33,074	\$0	0%	1	1	0	0%	10/20/08	10/20/08					
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