

PREMIUM ADVANTEDGE

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Your Objective Insurance Information Source

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The Source

Don't Miss Out On Your Chance To Save Big Money

Premium Advisors' commitment has always been seeking alternatives for client savings. With this in mind, we are excited to introduce you to the Performance Management Group (PMG) of Minneapolis, one of the fastest growing providers of strategic purchasing services in the country. Currently PMG provides strategic purchasing and expense reduction services to more than 250 auto dealerships nationally.

Their philosophy and goals are similar to Premium Advisors: helping dealers reduce their expenses, thereby maximizing profits. PMG specializes in reducing the amounts dealerships pay for supplies, services and equipment needed to operate their dealerships. They have found dealerships frequently pay as much as 70% above "market price" for these items.

This edition of Premium AdvantEdge is devoted to introducing new ideas and tips on how to save your auto dealer clients money, thus increasing their bottom line at a time when operating margins are tight.

For further information about PMG and their exclusive dealer services, please contact Tony Freeman at 312-807-3700 or via e-mail tony@pa-llc.com. And as always, if there's a topic you'd like to see Premium AdvantEdge tackle in the future just let us know.

Beware Of The Purchasing Black Hole

Ever wonder if your dealer clients are paying too much for supplies, services, and equipment to operate their dealerships? Don't; they are! Anywhere from 17-72% above market according to Performance Management Group (PMG), a Minneapolis based Purchasing Service Provider (PSP), providing purchasing and expense reduction services for 250-plus dealerships nationally.

Dealerships need immediate expense relief! According to Doug Austin, founder and principal of PMG, "on average, 8% of a dealership's revenues are spent on repetitive purchases of supplies and services, typically, from a supplier base that is 50% larger than needed." So how can your dealer clients cut costs on their office, shop, janitorial, uniforms, maintenance supplies, services, equipment, utilities, credit card, credit bureau processing and reporting fees and many more expenses? Have PMG conduct a purchasing evaluation to identify expense reduction options and strategic purchasing fundamentals that will ensure cost savings.

The secret to driving down costs (and increasing dealer profits) is implementing focused, expense category expertise and a disciplined procurement process. PMG uses these principles to reduce the purchasing "black hole" that is a result of a decentralized purchasing approach, costing dealers millions of dollars

annually. Most dealerships do not have the time, expertise or purchasing resources available resulting in fragmented purchasing, premium-priced spot buying, excess suppliers and recurring price escalations.

According to Mark Rikess, CEO of the Rikess group, "beyond cost savings we have found that outsourcing purchasing has great rewards in the improvement of office and parts management productivity as they have more time to devote to higher value tasks like taking care of their customers."

Dealer organizations like Rydell, Galpin, Russ Darrow, Phil Long and Lupient are all realizing the benefits and cost savings that result from the implementation and utilization of strategic purchasing.

Whether your dealer client is a single store, multi-location, or mega dealer, all can benefit from strategic purchasing. It's really a matter of degree. Obviously the larger the amount spent on repetitive purchases, the greater the cost savings realized by the dealer. "We have measurable cost reductions of 21%, and we have reduced our supplier base by nearly 40%," boasts David J. Roen, General Manager of Saturn of St. Paul, one of the Rydell automotive dealerships.

Best of all, PMG guarantees the client will save at least two dollars for every dollar it pays PMG. Can you think of an easier way for a dealer to double their money?

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**—David J. Roen
Saturn of St. Paul**