

Telecom Expense Management – How to Reduce Expenses and Improve Cash Flow

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August 15, 2008

Government should take a lesson from small business – when the economy heads south and inflation north, we first look at ways to reduce our current expenditures rather than increase the budget.

Surviving an economic downturn may mean hardships, but before any drastic measures such as employee benefits or work force reductions are planned, businesses should perform a thorough audit and analysis of all expenses for possible cost reduction and refund of overcharges.

Telecommunications is one area where costs may be drastically reduced and, if overcharges are discovered, refunds and credits could improve your immediate cash flow.

- Confused by your phone bills?
- Wonder if you're paying a competitive price?
- Paying for services that you may not need or use?

A good Telecommunications Expense Management (TEM) program should encompass an audit of the bills for accuracy, analysis & documentation of your inventory and recommendations for future savings: What do you have? Why do you have it? Can you reduce its cost? In order to get a handle on your expenses, each individual charge will need to be reviewed before the big picture can be determined.

A good process to follow starts with gathering all of your telecom related bills and contracts. Audit each bill to determine each specific charge; local dial tone, long distance, wireless, internet, etc. Compare the charges to your contract or the tariff to determine its accuracy. Take time to read your bills. If you don't understand what a charge is for, investigate it.

You'll want to determine if your needs have changed since your network was configured, especially if you've already experienced a downturn in business. Ask your local dial tone provider to provide traffic studies on your telephone lines. You may find that they are not being used to their full capacity. A note of caution, some providers charge for these studies. Make sure that you're aware of any charges before requesting the study. If there is a charge, try taking a manual inventory of calls and how often all lines are busy.

Investigate alternative technologies and access methods for your voice and data needs. For example, Voice over Internet Protocol (VoIP) is one of the hottest new technologies, but it may not be the most cost-efficient for your situation. Be sure to gain an understanding of the benefits and requirements associated with each new technology under consideration. If an equipment upgrade or replacement is in your future, the TEM program is the first logical step to allow you to gain knowledge of your existing network and free up cash for the project.

After your needs are determined, you'll want to prepare Request for Proposals for your services, distributing them to a variety of vendors. A competitive bid process for all services will put you in charge of the process, to assure that you are receiving the best rates and contract terms available based upon your individual criteria.

During the implementation phase, be sure to document everything, including verbal conversations and agreements. You will need this information to follow up on your orders and requests.

Here are a few tips to whet your appetite and make you eager to jump right in.....

Pay your bills on time, late payment charges add up fast!

Locate phone numbers on the internet instead of incurring directory assistance charges.

Freeze your local & long distance choices to prevent slamming to another vendor.

Block third party billers from cramming unwanted charges on your bills.

Block collect, third party and 900 number calls.

Review wireless bills for unauthorized downloads.

Tax exempt entity? Make sure that your bills are not inappropriately charged taxes.

If your company simply does not have the time or personnel available to take on a TEM project in house, consider using an independent telecommunications consultant. An independent consultant has no affiliation with the vendors bidding your services; therefore, you can be assured that your best interest is the only motivator. Many independent consultants are available on contingency, whereby fees are paid only if and when savings are realized. For more information, see our website at <http://www.btu-consultants.com/tem.html>