

## **9 More Tips to Significantly Improve Your Purchasing Profitability**

### **1. Ignore the term "discount"**

When you hear this term your warning bells should go off. Ask the questions. Discounted from what? Discounted compared to what prices, over inflated starting prices?

Discounted prices may not be discounted at all. They may be establishing the list price and then telling you about the discount off of this price that they are giving you. What do you care about the list price? You should care nothing about the list price. The only thing about the list price that you should care about is that it's the price that you will never pay.

Don't assume a discount is giving you the best price or the best value. You want to compare the prices and all other factors of the sale with other sources. Do not just start dealing with a supplier who claims to give you discounts or calls themselves a discount supplier.

You must compare. A discounted price from one source may be higher than the normal prices of another source. How good is a 30% discount on a product that they list as selling for \$100 when you can buy it from other sources for \$50? You have actually overpaid for this "discounted" product by 40%. A 30% discount from \$100 leaves the price at \$70. This is 40% higher than the \$50 you can buy it at elsewhere. Quite a deal don't you think?

### **2. Never tell a supplier who got the order how much lower his bid was than the other bids**

If you do, you can expect a higher price from this supplier the next time you have them bid. No one likes to leave money on the table. The bidding process always contains a certain amount of educated guessing as to what price to come in at. If they find out they came in at a bid that was much lower than the competition, then you can reasonably expect them to increase the price next time.

After all, why come in so much lower than the competition when they can come up in price and still have a good chance to get the job since they were so much lower last time? If they know they underbid by 15%, the next time they may feel they can come up 10% and still be well under the other suppliers.

### **3. Never tell a losing bidder how much over their bid was**

You always want them coming in with their lowest price. If they find out that their bid was only slightly high, the next time they may only lower it slightly. If they think they came in much too high, you may find the next bid they come in with to be much lower thereby providing you with an overall greater savings.

For example, if I know my bid was 5% too high, the next time I bid on this job I may bid 5% less; figuring this will match the winning bid last time and this time that winning bidder will come up somewhat. On the other hand, if I think my bid was much too high and I decide to bid again next time, I may lower my bid by 10% or even much more. The end result could be that you get a much lower winning bid.

### **4. Never tell a supplier what you now pay for an item**

You want a fair process of competition and you want the best possible price. You do not want to give one supplier an unfair advantage over another supplier and you don't want a supplier coming in just under your current price, when without prior knowledge of your prices, he may have come in much lower than this.

### **5. When you have an employee that has done an exceptional job in purchasing something at a significant savings, give that employee immediate recognition**

Also, let others in the company know of the employee's fine efforts. Not only should the effort be recognized but you also want to reinforce this type of activity with all employees. You want them striving for this type of sincere, visible recognition. This should be done for both large and small purchases.

### **6. Use ink jet recharging dispensers instead of buying new cartridges for your ink jet printer**

You can purchase the refill kits in most office supply stores, direct mail office and computer supply sources and computer stores. Ink jet printer cartridges are extremely expensive at a cost of \$30 and up per cartridge. Re-inking your existing cartridge will cost you 1/10th of that amount. Depending on the number of cartridges you use each year, this can easily save you hundreds or even thousands of dollars a year.

## **7. Use recycled laser printer cartridges**

They are not only environmentally sensitive but they will also reduce your costs in this area by 25% to 50%. This can add up to significant savings over the course of the year.

## **8. Want a simple way to save 25% or more on your laser and ink jet cartridges?**

When your printouts start fading or streaking with inconsistent ink coverage, instead of replacing them, simply take out the cartridge and gently shake it from side to side a few times.

Before I discovered this trick my laser printer cartridge was good for about 2,500 sheets of paper. Now it will print excellent copies for over 3,000 sheets of paper. You see, since most of what you print has margins on it, the ink on the sides of the cartridge is never used. By shaking the cartridge you are moving this ink into the middle where it can be used.

## **9. Don't buy a brand name unless you have to**

You can easily save up to 50% or more when you purchase generic supplies instead of brand name supplies. If you are buying paper clips why would you possibly want to spend twice as much to purchase a name brand of paper clip? I do not know, but I do know that millions and millions of boxes of brand name paper clips are bought every day.

There are hundreds of items for which you could choose a generic or house brand at a savings of 50% or more, with no loss in quality or usefulness at all.

Always look to purchase generic brands of office supplies. You will almost always pay more for name brands and almost never will this added cost be justified. How could you possibly justify buying brand name pens, pencils, paper, paper clips, note pads, tape, forms, and any one of a hundred other items that are for internal consumption?

At least be willing to try them. Test them on a limited basis and compare the quality and effectiveness of the product to the brand name equivalent. By testing a limited quantity of generic products while continuing to use the brand name product you will have no risk in the event that the generic product proves to be unacceptable.

In many cases, the generic product is actually manufactured by the same company that makes the brand name product. The products are simply distributed and sold under a different label.

One note here, do not assume that a generic name item is always lower priced than a brand name item. In the vast majority of the cases this will be true, but nevertheless you must compare prices to ensure this. There will be times when the brand name may actually cost less than the generic item. This is especially true when a manufacturer or distributor is offering specials or running a sale. Never assume anything.

This edition of The Welch Report has been provided by Derrick Welch the author of **‘In Pursuit of Profits: How to at Least Double your Profits Without Increasing Your Sales’**. **Including 1,000 Cost Control, Expense Reduction, and Income Producing Strategies You Can Start Using Today To Dramatically Increase Your Bottom Line.**

And **‘Defy Mediocrity. Choose to be Uncommon. Think of the Alternative’**.

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