

Iowa-Based Health Care Company Saves Nearly \$300,000 on Annual Food Costs Without Changing Vendors

Cost Reduction



Client

Accura HealthCare is an Iowa-based healthcare company that manages and operates 45 skilled nursing, rehabilitation and assisted living facilities across Iowa, Minnesota, South Dakota, and Nebraska.

Challenge

Food costs are significantly increasing due to inflation and food constraints caused by recent economic factors. This poses a challenge for many clients as food expenses can be one of the higher spend categories. Additionally, we had only worked with the incumbent vendor a few times before. As a result, we needed to ensure our processes aligned with theirs so that we both prioritized the customer's needs. Fortunately, all parties involved share aligned goals.

Highlights

- ✓ Substantial annual savings: Achieved \$288,425 in annual savings
- ✓ Enhanced contractual arrangements
- ✓ Ongoing optimization

Solution

Engage directly with the incumbent vendor, and collaborate closely with them to negotiate favorable terms. Next, leverage existing relationships to pool resources to provide increased buying power and secure better pricing. With the help of the vendor, implement the new pricing structure and margins, and maintain a presence to ensure accuracy on a monthly basis.

Results

The solution implementation yielded impressive outcomes, with an annual savings of \$288,425. This represents a substantial percentage of savings, amounting to 6.1% of the overall expenses.

We successfully updated the contract language with essential provisions, including price controls for cost stability and a penalty exemption clause for location sale or closure. Additionally, we negotiated extended payment terms, improving financial management. These updates align with our client's business objectives and enhanced contractual arrangements.

These results highlight the effectiveness of our approach, demonstrating our ability to generate significant financial benefits. The substantial savings achieved contribute to cost optimization and positively impact the bottom line. By successfully identifying and implementing measures to reduce expenses, we helped our clients achieve tangible and meaningful cost reductions.

Endless Possibilities Start When You *Never Overpay*