

Hi my name is Rob Mattern and I am the President of Mattern & Associates, LLC.

\$4.00 a gallon for gas - what does that have to do with the support services and cost recovery?

The simple answer is everything. As prices across the board have continued to increase and revenues have stayed the same or decreased many organizations are getting extremely aggressive in looking for ways to manage and reduce expenses.

Starting in September Mattern & Associates will be hosting a five part webinar series on how to reduce expenses in the support services while improving service levels. This series will commence on September 23rd and will continue monthly. The first session will focus on off-site records storage and will be titled "Off-site Records Storage - How to tame the Monster." Additional details to follow.

Mattern & Associates, LLC Cost Recovery Survey:

The bi-annual cost recovery survey has just been completed and the results are being tallied and analyzed. We have doubled the number of firm participating and expanded the scope of the information captured. The target date for release of the report is the end of July.

We are moving!

Due to continued expansion we are moving in to larger space. As of July 1st, our new mailing address will be as follows:

Mattern & Associates, LLC
 871 Baltimore Pike #12
 Glen Mills, PA 19342
 610-459-7750

"The Mattern Method - Proven Strategies for Increasing the Value and Profitability of Your Support Services."

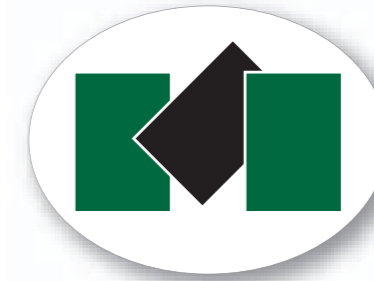
Now in print and available for your reading pleasure everything you wanted to know about your support services but were afraid to ask. For you free copy, please contact us at www.matternassoc.com.

Rob Mattern 



871 Baltimore Pike #12
 Glen Mills, PA 19342

Support Services Advisors



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Structuring an Off-shore Support Services Agreement and the Cost Recovery Impact:

Part II - Performance Standards and Penalties

In Part I we reviewed the contractual terms that were vital in any off-shore agreement. To recap these are:

- ❖ Technology and Security Measures
- ❖ Individual Security Measures
- ❖ A detailed Statement of Work
- ❖ Back-up Policy
- ❖ Pricing and Payment Terms

In Part II we will outline some performance/services standards and possible performance penalties/incentives that should be detailed in your agreement.

It is our recommendation that performance/service standards be broken down into two (2) separate sections. The first should deal with the delivery of the basic services and the second should deal with the specific deliverables. For delivery of the basic service the following criteria and measurements of these services should be detailed:

Basic Service Criteria and Measurement

Criteria	Measurement/Goal
Hours/Days of Operation	100% fulfillment except for Acts of God, etc.
Delivery times of finished product	Deadlines dictated by Customer unless negotiated - documentation required.
Communications - Phone Calls	All calls answered within 20 seconds (3 rings)
Communications - Emails	All emails responded to within 30 minutes
Accuracy	Each job to be assessed individually

For specific deliverables, the following criteria should be considered and assigned a score of 1-5 with 5 being the best and 1 being the worst.

Criteria	Goal
Quality/Accuracy of project	Determined by client > 99%
Deadline as dictated or negotiated by Client	Determined by client > 99%
Communication regarding project	Determined by client > 99%

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Support Services Advisors

The May Postage Increase - What does it mean for your organization?

On May 12, 2008 the Postal Service increased the prices for the following mailing services - First Class, Mail Standards Services, Periodicals, Package and Special Services.

Even though the average increase by class of mail is at or below the rate of inflation, the increase can have dramatic consequences (both good and bad) for your organization due to the implementation of shape based pricing. The shape-based pricing will for the first time structure rates based upon size, thickness and weight. Why the change? It is to reward mailers for designing mail pieces that are compatible with existing USPS automation systems.

Looking at the three new mail sub-classes for first class rates will highlight some of the differences between the new rate structure and the old structure:

Letters - as defined under the old system these encompassed a standards business envelope (#10, #9, and 6 x 9 inch) which could be sent at the standard First class letter rate (old rate = \$.41, new rate = \$.42) as long as the envelope was less than a 1/4 inch thick. If it exceeds a 1/4 inch thick (no more jamming 8 page letters into the standards #10!!), then it must be rated a "flat" which is \$.83 for the 1st ounce.

Flats are defined as envelopes that are no more than 12 x 15 inches and less

than 3/4 of inch thick. If a flat is over 3/4 of an inch thick, then it is defined as a "package". The one (1) ounce rate for a **Package** starts at \$1.17.

Based upon these rate increases what are some strategies to reduce your postage costs:

- ❖ Use postcards where possible. At \$.27 for sizes up to 6 x 4 1/4 inches it is \$.15 cheaper than a first class letter.
- ❖ Use an automated folder. Unfolded pages inserted into flats will cost more than folded inserts. Folding saves postage however hand folding takes time and time equals money. Using an automated folder will reduce your labor expense dramatically and also save you postage dollars.
- ❖ Switch from single sided pages to double-sided (duplex). Not only will you save money but you will also be more "Green".
- ❖ Scan it and send it as PDF.

In summary, the May 12th postage increase can be a boon or a bust to your postage spend depending on how you use it. It rewards creativity with the shape-based pricing, however it can impact your costs if you do not adapt.

If you would like to explore other ways to reduce your support service costs please contact us at www.matternassoc.com.

MATTERN MATTERS is a quarterly publication offering business and support services information. Should you have any questions about your support services, or if you have any comments on this newsletter, please do not hesitate to call us at (610) 459-7750. You can e-mail us at lschneider@matternassoc.com or contact us through our websites at: www.matternassoc.com or www.supportquestions.com. © June 2008

Making a Commitment to a Green Initiative

We are all familiar with efforts to reduce our impact on the environment and to slow global warming. Going green is all the rage in Hollywood, in television news programs and in our schools. Hybrid vehicles are becoming top sellers for automobile manufacturers. Al Gore helped to bring the issue of global warming to light with his film *An Inconvenient Truth*, and won the Nobel Prize in the process. On a daily basis, we are reminded of our individual responsibilities in making our communities more eco-friendly.

It is no surprise then that these efforts have begun to make their way into corporate offices around the world. While going green is an absolute necessity or often a requirement in industries noted for releasing pollutants as a by-product of their manufacturing processes, the green revolution is also quickly finding its way into the office building. In many cases, law firms are leading the charge. A growing number of Mattern's clients have some type of an ongoing green initiative.

How can an organization play its part in environmental responsibility? There are many easy-to-implement solutions such as:

- ❖ **Use of compact fluorescent light bulbs (CFL's)**
 - ◆ Energy Star rated CFL's use about 75% less energy and last up to ten times longer than incandescent bulbs
- ❖ **Selection of energy-saving equipment**
 - ◆ When procuring support services equipment such as MFD's, copiers, fax machines and printers, consider going with Energy Star rated devices – office equipment that is Energy Star rated uses up to 60% less electricity
 - ◆ Even if it is not time to refresh your

equipment, your firm can still save up to 50% in energy costs by simply following the Energy Star guidelines such as powering off office equipment and computers at the end of the day and enabling the sleep mode on copiers – more information is available at www.EnergyStar.gov

- ❖ **Use of recycled paper and toner**
 - ◆ Paper and toner account for the highest cost associated with duplicating and have the biggest impact on the environment
 - ◆ Every 100 reams of 30% recycled paper saves one tree; printing the same paper double-sided saves two trees – using 100% recycled paper more than triples those figures
 - ◆ Prior to making a switch to recycled paper and/or toner, you should test the recycled products in your copiers and printers- most equipment manufacturers also maintain information on recycled products approved for use in their equipment
 - ◆ While recycled paper is generally more expensive by the case, you may be able to negotiate more attractive volume pricing with your paper vendor
 - ◆ Remember- the greenest approach to paper is using only what you need!
- ❖ **Paper conservation programs**
 - ◆ For draft or information-only documents, print double-sided or set your printer options to two pages per sheet
- ❖ **General recycling programs**
 - ◆ Participate in your toner manufacturer's cartridge recycling program
 - ◆ Most vendors providing trash removal services for large office buildings have the capability to accept and process separated recyclables

such as paper, cardboard, plastic, metals and glass

- ◆ Check with your building management company, or directly with the waste removal vendor
- ❖ **Purchase carbon offset credits to cover your firm's total carbon footprint, or its footprint associated with transportation – more information is available at www.CarbonFund.org**
 - ◆ Credits are purchased to offset the carbon released into the atmosphere during the manufacture of electricity and consumer goods, the transport of goods by truck, air, ship or train and the transport of people by ground, sea or air (added together, a company's "carbon footprint")
 - ◆ For about \$5.50 per ton of carbon, companies can purchase credits to offset their emissions from such sources as electricity usage, paper usage or fossil fuel usage in aircraft,

trains or automobiles

- ◆ The cost to offset a single round-trip airline flight between New York and Los Angeles is around \$10
- ◆ The funds collected for these offsets are used for the research and development of sustainable energy sources and energy efficient products, reforestation projects and watershed renewal

The biggest challenges faced by firms taking the initial steps to go green are developing a policy, effectively communicating the new policy to all staff, providing any required training and sustaining the initial momentum. Once strong commitment is achieved at all levels of the organization, you will find that champions for the cause will emerge.

In our next issue, we will meet one of those champions in a profile of a Mattern client firm which recently rolled out a global green initiative. M

Off-shore Support *continued from page 1*

Each of these criteria should be weighted by the amount of importance as designated by the client. For example, accuracy would be weighted 65%, deadline 25% and communication 10%. At the end of a performance period, the total is determined for all projects completed during that period and a total weighted score is developed. Performance penalties are then determined either by criteria or by the total.

Performance Penalties (or Incentives):

In developing a contract for off-shore services (or any services for that matter), Mattern recommends that performance penalties or incentives be included. There are a number of ways to structure these but there is usually a performance floor (for

example 98%) under which the penalties kick-in. These are usually graduated based upon the deficiency of the deliverables. Standard language usually includes some type of termination if penalties are incurred for three or more months in a row. There is also room in these types of agreements for incentives if there can be independent verification of performance. For example if a vendor is able to achieve a 99%/100%+ performance rating for three to six months, then perhaps they receive a bonus or a contract extension is given. M

Next Issue -

Part III - Cost Recovery and Off-shore Outsourcing Agreements.