

Costs Cut at the Hair Cutters

By Ernie Arboles

Overview

For many small business owners, profitability is a walk along the knife edge of expenses. A local salon owner had complained for more than a year about charges to process credit cards. Every few months, rates kept rising, the bill kept showing more and more unusual fees, profits kept shrinking. JASEC Consulting offered to do a free analysis of those costs.

The Analysis

We signed a confidentiality agreement with our client and quickly obtained three months worth of merchant processing statements. We created a pro-forma statement, plugging in new, lower rates, from the various processing providers in the JASEC family.

The analysis quickly showed our client getting a “bad cut” from their current provider: a number of special “dirty data” charges, plus fee penalties for customers using business credit cards. Often these fees would be two to three times more than the fees for similar, “normal,” transactions.

When we finally compared the rates using actual transactions, we produced savings for our client 41% lower than their current bill.

The Changeover

The potential savings made the decision to switch merchant processing providers a simple “blow dry” for our client. After reviewing the current agreement for potential penalties or hidden fees, we helped our client fill out the requisite financial paperwork with the new provider. We then reviewed the equipment set up to insure compatibility. With those details out of the way, it came down to picking a single day to make the “cut” from one provider to the other. A few simple programming code changes on the terminal touchpads, and we were stylin’!

The Payoff

In the first month alone, the client achieved a 41% reduction in merchant processing costs. The new processor deposited due funds on time, without any transactions missed. Overall for the first three months, our client reduced the monthly processing spend by nearly half.

Your Opportunity

Do you wonder how much money you could be leaving on the table? Call today for a free consultation and analysis to see if we can save you as much as we saved our Hair-Cutting Cost Cutter! Typically all we need is three months of statements, plus some information about your processing equipment. We then get to work identifying the best set of rates for you and your business.

Mr. Arboles is President of JASEC Consulting, a highly specialized boutique focusing on customer-focused process improvement, cost disciplines, and crisis media management. He has more than two decades of experience around business process, finance, media and general management.

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Case notes: The cases are presented as illustrative examples. The names of the companies involved and any identifying details are omitted to protect the confidentiality of our client relationship.