



## Tryon Clear View Group Boosts Efficiency

Managers at county boards have precious little time to spare, and few people understand that better than the director of fiscal services at a county board in Ohio, responsible for overseeing a \$29 million annual budget and keeping financial tabs on the board's many programs.

When TCVG approached this county director in 2009, offering to help the board review its expenditures with the goal of finding efficiencies and savings, he was initially uninterested. When told that the service would cost nothing up front, he became intrigued. The company, woman-owned North Carolina-based, Tryon Clear View Group (TCVG), was offering a service that was completely new to Ohio's support system at the time: the contingency-based performance audit.

With a contingency-based performance audit, there is no upfront fee. The consultant and client instead sign a contract that entitles the consultant to a negotiated percentage of any savings that are generated from change suggested by the audit. If no savings can be generated (or if the client is operating so efficiently that no advice was necessary), then the auditing firm is not paid at all. In this way, contingency-based audits encourage the auditors to be thorough, knowing they will not be paid unless they generate savings for the client. For our client, this arrangement sounded almost too good to be true. "I challenged them multiple times," he said. "At the start of our talks, I had to keep hearing the fact that they weren't going to charge me something unless they found savings. How better can you incentivize a company to come in and dig deep?"

The County Director sat down with representatives from TCVG along with his Fiscal Assistant in late 2009. They negotiated a three-year contract with the company starting in 2010. Under the agreement, TCVG would review years' worth of invoices, recommend changes, help the board implement those changes, and collect an agreed upon percentage of any savings achieved by following TCVG's recommendations (only those recommendations the county wanted to follow). TCVG's employees gathered data consisting of past invoices, their analysts compared past expenditures to their proprietary national database, and offered more efficient contract opportunities as a result in less than 90 days.

TCVG's initial audit led to noticeable savings in several areas. For natural gas, TCVG noticed that our client's model was complicated with several different types of facilities, which include an administrative building, a school, an adult service building, and 30 residential facilities. Upon examination of pricing options and negotiations based on those options not known to our client, TCVG managed to trim 17.4% off their yearly natural gas bill.

The audit showed that our client was already getting the best prices it could for electricity and employee cell phone service. However, TCVG managed to optimize the board's local and long-distance landline service, resulting in an overall annual telecom savings of 7%. TCVG's audit also revealed that the board could find significant savings for trash pickup. The firm identified an equipment fee error that saved approximately 50% on its annual trash collection bill.

Initial skepticism in the model waned quickly as this County Director saw how much of his staff's time was being saved. While our client regularly assesses its operations and looks for efficiencies, it is often hard to dedicate board resources to internal performance audits given the demands on their staff. Handing off this function to a private company freed up staff to tackle other issues while costing nothing up front.

Our client also noted that TCVG's staffers were more specialized in certain target areas than his employees could ever be. The county business office employs top-notch employees, but he said they are naturally focused on the services industry. They must dabble in utility pricing as part of their much broader range of responsibilities. The consulting firm's natural gas expert, however, had 35 years of natural gas experience in the private sector. "There is expertise your people just don't have. There is time you just don't have. Doing this has freed up my staff tremendously. You've got an outside entity that is doing the dirty work for you, and they have expertise in everything they're doing."

Looking back, he wished he had learned about contingency-based audit sooner, adding that the model has few drawbacks. If the contingency-based audit turns up nothing, then the board has spent no money while gaining confidence in its operating efficiency. If the audit reveals cost-saving options, then the board can take steps to spend taxpayer money more wisely. Furthermore, the lack of an upfront fee makes the concept an easy sell to board members and managers.

He noted that the model also carries some less obvious benefits in addition to the potential for savings. Simply undertaking an audit can show taxpayers that a board is serious about spending levy monies as efficiently as possible. Our client's biggest endorsement of the model, however, is the board's continued commitment to it. They signed on for another three-year contract with TCVG for continued help with cost comparisons and supplier selections. The County Director finished our last meeting highly satisfied: "No matter the outcome of the audit, it gives you the satisfaction of knowing that you're doing things well. You're efficient, and taxpayers are happy to hear that. It's a win-win."