

Average Office Supply Costs Per Employee

AND OTHER HELPFUL EXPENSE MANAGEMENT TIPS...

Whether you're an entrepreneur starting a new venture or an existing business owner looking for budgeting and cost containment help, the topic of office supplies must be part of the picture. It's a cost category for every business and an ongoing concern for most of our expense management clients.

Following are a few metrics and other notable information that will help you budget more accurately and increase the potential for savings in your own business or law firm.

MANAGE THE MAJOR OFFICE CONSUMABLES

The major office supply expenses are for items that are consumed daily. Paper, toner and general supplies (pens, sticky notes, etc.) make up a third each in this category.

Even as more information goes digital, corporations and law firms continue to generate a torrent of documents, which is why paper and toner outlays require special consideration. A recent article in *Wired* about the [paperless office](#) cites some interesting statistics worth repeating here:

- One billion photocopies are made every day according to Forrester Research.
- The amount of paper produced by the average company is growing annually by 25% according to Gartner.

The best way to reduce paper, toner AND general supplies (many of which are paper-related) is to move more documentation to digital format and encourage more digital consumption on tablets and the like, so those documents don't end up getting printed anyway. Increasing the use of digital signatures can also help reduce the flow of paper.

UNDERSTAND THE COST PER EMPLOYEE

Average office supply costs are calculated by a variety of measures. One that we like to use is the cost per employee, a figure that can range from a few hundred pounds per year to a more than a thousand, depending on factors like industry and the nature of the business, as well as organisational size, culture and policies.

A good rule of thumb is £120 per person per year for corporations and £600 per person in law firms. Because of the nature of the legal industry, law firms are likely to always outspend their business brethren. Yet this disparity shows just how efficient companies have become in managing expenses, and how much room there may be for improvement in law firms.

PREVENT SUPPLIER PRICE CREEP

Office supplies are a competitive business, and because the products are viewed as commodities, the pressure is constant to keep prices low. Suppliers will often quote very low prices to win a contract deal, and then gradually increase some of their pricing over time. One of the services we provide for clients is a line-by-line review and audit, both to monitor price creep and spot billing errors. The typical error rate is about 5%, which can be viewed as a rounding error in some budgets, yet be a costly and unnecessary drain in others.

MOVE MORE ITEMS ON CONTRACT

Office supply expenditures fall broadly into two purchasing models: contract and non-contract. We advise our clients to stock as many items as possible on contract, primarily because the contract pricing is negotiated to be as low as possible. Suppliers make up their margin in non-contract purchases, which are something of the equivalent to impulse buys in the world of consumer retailing. You need a system to audit all office supply acquisitions and a way to issue RFPs on a regular basis in order to maximise contract savings.

We invite you to read more about savings we have found for some of our expense management clients in [law](#) or with [RFP assistance](#).

Contact us with any questions you may have about office supplies or other cost categories.