



**Looking beyond
headcount: A smarter
approach to cost
optimisation**



Efficiency that fuels growth

Tight budgets. Rising costs. Complex global challenges. Businesses everywhere are under pressure to reduce costs. But many are choosing solutions that risk undermining long-term growth. Cutting headcount, scaling back services or compromising on quality might deliver short-term savings, but they can come at a high strategic cost.

At Argon & Co, we believe there's an alternative way. By addressing inefficiencies in selling, general and administrative expenses (SG&A) costs, we help organisations unlock significant savings without touching their workforce. Every saving found in operational and non-labour spending can be reinvested into critical growth areas, ensuring businesses remain resilient and competitive.

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Optimising SG&A costs is not about quick fixes; it's about sustainable transformation. Our data-driven methods and benchmarking expertise across industries help businesses implement governance-backed systems that leverage strategic cost cutting for sustainable, measurable success. Cost optimisation isn't just a necessity in today's unpredictable market landscape – it's an opportunity to take control of your organisation's future.

Cost optimisation should be a strategic priority

Many business leaders believe that cutting staff is the fastest route to savings. But this often creates long-term consequences that can have a lasting impact on a company's capacity, reputation and operational systems.

At the same time, decision-makers may not be aware of inefficiencies in goods, services and other non-labour costs that offer untapped potential to reduce costs without compromising workforce strength. In a market environment characterised by uncertainty, cutting the expertise, skills and creativity that drive value for your customers is a real risk. By focusing on optimising SG&A instead, businesses can realise savings now while also putting in place systems that will support their competitiveness over time.

Finding opportunities under the surface

We often find that business leaders are unaware of how the non-labour costs of their organisation change over time. A common reason for this is that SG&A costs tend to be spread across multiple functions and business units, each with their own budgets and priorities. Leaders may only receive rolled-up financial reports that mask inefficiencies in line items or process-level detail. This high-level view can hide waste or duplication.

This routinely means that cost rises go unnoticed. Whether it's inflated recruitment agency commissions or operational redundancies tied

to inadequate suppliers, failing to maintain oversight erodes budgets slowly but significantly. Procurement often isn't prioritised or sufficiently staffed, resulting in untapped opportunities to renegotiate contracts or explore better service options.

Adding to this lack of visibility is a tendency for leaders focused on products, innovation and growth to overlook SG&A as a potential way to cut expenditure. There are several common reasons for this:

- **Focus is on revenue, not overheads:** Leaders and decision-makers tend to focus more on driving top-line performance, not back-office efficiency
- **SG&A costs are seen as 'fixed' or essential:** Functions like HR, IT and Finance are often viewed as core enablers of business operations. Leaders may assume these costs can't be reduced without harming performance
- **Perceived disruption to operations:** Leaders may fear that optimising non-labour will cause internal disruption or resistance from teams

At Argon & Co, we specialise in uncovering these inefficiencies, tackling them head-on, and building systematic solutions that harmonise cost reductions with operational continuity. When done strategically, cost optimisation is not a reactive measure but a way of bringing more visibility to leaders and ensuring budgets across a business are aligned for long-term success.





Common barriers to cost optimisation

Even when a business decides to move forward with an SG&A cost optimisation initiative, there are structural and cultural barriers that can get in the way. Without the right systems, leadership and mindset in place, identifying and realising non-labour savings is extremely difficult.

Here are the common barriers we see:

1. The data deficit

Accurate, structured data is the foundation of effective cost management, but it's also one of the biggest hurdles to overcome. Organisations often lack visibility over all their spending, with data scattered across systems or inconsistently categorised. Picture an 800-bed hospital managing contracts worth billions annually with just one procurement professional. It's not as unrealistic as you may think.

Without a clear view of where the money is going, identifying areas for savings becomes nearly impossible. This means that companies should prioritise a full data audit to understand where and how spend data is captured. This data will need to be consolidated and standardised.

2. Governance gaps

Creating and maintaining clear governance structures around procurement-related decisions can be challenging for large businesses or those with a wide geographical footprint. Leadership is often diffuse, split across departments and weighed down by competing priorities.

For example, a manufacturing firm might focus intensely on product quality or operational throughput, neglecting to establish defined roles for managing supplier negotiations. This allows inefficiencies to proliferate, with no one taking accountability for addressing them.

3. Resistance to change

Driving change is challenging, especially in organisations where decades-old habits and ingrained cultural norms have resulted in bottlenecks and informational silos. Leaders often face pushback when introducing new processes or prioritising cost management in areas considered 'back-office' functions. Overcoming this inertia requires more than a clear plan; it demands cultural buy-in at every level.

The three pillars of sustainable savings

Identifying savings opportunities is the first step – sustaining them is where organisations truly unlock long-term value. Maintaining cost efficiencies over time separates transformational success from temporary progress.

At Argon & Co, we know that the success of long-term cost optimisation initiatives hinges on three key pillars:

1. Track savings with precision

Organisations need to implement tools and processes that continuously monitor financial improvements, ensuring cost reductions remain on track. We equip our clients with systems that validate savings and provide real-time insights into spending trends. This not only prevents regression but also helps identify new opportunities for improvement over time.

For example, creating custom dashboards to consolidate procurement data enables CFOs to see exactly how renegotiated contracts or streamlined supplier networks impact the bottom line. Increased visibility turns data into actionable insights so that businesses can take a proactive approach to dealing with inefficiencies.

2. Invest in building a stronger procurement function

Using external support to identify SG&A savings and help drive change is hugely valuable for businesses struggling to make a start. But that support can't last forever, and investment is needed to develop in-house procurement capabilities. Strengthening expertise and skills directly within an organisation is the best way to ensure the systems and tools implemented continue to actively drive change and preserve the gains achieved.

3. Establish a culture of efficiency

Any project that looks to address ingrained processes or ways of working can encounter resistance. Sustaining savings often requires a cultural shift as well as optimised processes and reports. We find that organisations that prioritise efficiency at every level, from executive leadership to frontline operations, achieve consistently better outcomes.

We work closely with leadership teams to instil a mindset of ongoing improvement. This involves training, change management and embedding efficiency-related thinking into the decision-making across a business. That's because cost optimisation should not be an afterthought. When delivered strategically and supported by leadership, it creates a foundation for growth, resilience and long-term success.





Our approach to cost optimisation

Argon & Co brings precision, expertise and a results-driven mindset to cost optimisation. Our approach delivers measurable savings and helps to embed processes that create lasting value into your operations. From identifying inefficiencies to sustaining long-term savings, we help companies reduce their costs without impacting quality.

1. Diagnosis

Every successful transformation starts with understanding. We begin by analysing your spending, categorising every expense and uncovering cost inefficiencies. Our robust benchmarking tools compare your costs against industry standards, pinpointing the areas with the highest potential for savings. After six weeks, our clients receive a clear, actionable report, outlining opportunities to make significant improvements.

2. Design

The initial report forms the basis of tailored strategies to address inefficiencies head-on. This involves creating governance models that empower decision-makers and streamline procurement processes across your organisation.

It's about more than saving money – it's about aligning costs with your operational goals while fostering accountability at every level.

3. Delivery

Our team works as an extension of yours to implement cost-saving measures, renegotiate supplier contracts and track real-time results. Whether it's reducing indirect labour costs or optimising procurement processes, every step is backed by data and designed for impact.

4. Sustainability

Savings today mean little without a strategy for tomorrow. That's why our process doesn't stop at implementation. We embed repeatable processes and develop in-house procurement capabilities, ensuring your organisation has the tools to maintain savings long after our engagement ends.

On average, our clients see an ROI of 8x their investment in our services. That's \$8 million saved for every \$1 million spent. These results don't happen by chance. They're the outcome of deep expertise, tried-and-tested benchmarks, and a commitment to delivering outcomes that last.

Why our benchmarking is a game-changer

Our extensive experience of delivering SG&A cost optimisation to companies from a wide range of sectors not only gives us real insight into overcoming common challenges – it gives us real data on what good looks like. Accurate benchmarking is at the core of our approach, ensuring clients can rely on precise insights to direct their cost-saving initiatives with confidence.

From government-regulated sectors to fast-moving consumer goods, our benchmarking expertise spans industries that frequently balance tight margins and evolving cost pressures. For example, our efforts in healthcare have revealed procurement inefficiencies that translated into significant savings for public and private hospitals. Our track record demonstrates how standardising procurement practices against benchmarks streamlines operations and drives bottom-line results.

Medical and non-medical savings delivered by category



10-18%
Cardiovascular



8-15%
General surgery



7-14%
IV Access & Admin



8-18%
Orthopaedics



9-14%
Wound management



7-14%
Trauma



12-20%
Hygiene



8-16%
Orthotics



5-8%
Building & engineering



15-22%
Agency nurse & doctors



12-18%
IT



4-8%
Equipment maintenance



4-7%
Catering



8-12%
Domestic services



12-18%
Beds & mattresses



4-8%
Office equipment

1. Industry-specific precision

Every industry operates with unique cost structures, and our experience across sectors such as healthcare, manufacturing, retail and more means our benchmarks are unrivalled in their accuracy. By comparing your spending against real-world industry standards, we highlight where inefficiencies exist and define realistic savings targets – not vague promises.

2. Clear savings, untapped potential

Our clients consistently realise an average 15–20% reduction in procurement costs. These savings are driven by the insights only benchmarking can provide, such as identifying supplier overcharges or inefficiencies hidden in overly complex procurement processes.

3. Credibility and trust

Time and again, CFOs turn to Argon & Co for benchmarking that moves the needle. They see the credibility tied to hard data and industry-specific comparisons, which anchors every savings projection we provide. Feedback highlights our benchmarking as the decisive factor in aligning operational strategies with measurable cost efficiencies.

Imagine identifying procurement inefficiencies with pinpoint accuracy while confidently setting savings goals that drive your financial strategy. Benchmarking is the competitive edge that enables this transformation, turning historical data into a blueprint for growth and resilience. Better decisions start with better insights, and we provide the benchmarks to make them happen.

Heavy industry categories and cost reductions achieved



15-20%
Industrial
hardware



8-12%
Mining
equipment



8-14%
OTR tyres



8-12%
Explosives



6-10%
Labour hire



10-18%
Equipment
hire



2-5%
Fuel



10-15%
Lubricants



10-25%
Corporate
services



8-15%
Production
drilling



10-20%
Parts &
components



5-10%
CHPP operate
& maintain



10-18%
Maintenance
services



4-12%
General freight



8-16%
Fabrication
services



7-13%
Earthworks



Case study: Delivering 20% productivity gains for a leading global food product distributor

A world-leading food product distributor wanted to unlock performance potential across its support and commercial functions as part of a broader long-range profitability improvement strategy. We were brought in to identify opportunities within the company's commerce, marketing, purchasing, finance, HR, IT and supply chain functions.

Our process

The project began by interviewing top management to get a clear understanding of corporate strategy, functional challenges and expectations. This helped inform a comprehensive SG&A mapping exercise, analysing activities, workforce, volume and associated costs.

We used a mix of top-down and bottom-up performance reviews to assess functional maturity. Over 30 targeted interviews were conducted with executives, function leaders and operational managers. Each function participated in three dedicated workshops covering diagnosis, identification of improvement levers and future state planning.

Our impact

At the end of the process, our team delivered a strategic presentation to top management, outlining organisational targets, optimal sizing and roadmaps for each function.

The benefits have been widespread across the business. The new SG&A organisational model is not only aligned with corporate strategy but also identified potential productivity gains of up to 20%. Executive Committee members now have clarity on evolving scopes of responsibility. Each function now has its own tailored transformation roadmap, and the entire company has a clear path towards sustained performance improvement.



Case study: Saving an Australian hospital network \$9 million a year

One of Australia's major hospital networks engaged us to lead a procurement cost reduction initiative. The client needed a team with experience in successfully delivering rapid, sustainable savings across a complex health environment. Our track record of similar large-scale initiatives meant we were able to hit the ground running.

Our process

Working closely with clinicians, executives, business managers, state procurement, shared services and suppliers, our team conducted a full review of the network's spend profile. This analysis identified achievable savings opportunities across 14 clinical and non-clinical project areas.

The insights and data collected formed the foundation for a targeted project plan that was implemented over a 10-month period. The scope ranged from Pharmacy and Interpreter Services to Orthopaedics and Mental Health, encompassing over 20 separate theatre product initiatives in total. Importantly, other public facilities also benefitted from our system-wide savings strategies.

Our impact

Our consultants worked alongside clinical teams and executives, to make sure all stakeholders were aligned. The approach combined deep sector knowledge with detailed, line-level reporting to track progress and impact. The project delivered \$9 million in annualised savings. More than just cost reduction, we helped strengthen procurement processes, foster cross-functional collaboration and unlock system-wide efficiencies.

Key takeaways

- **SG&A optimisation is a strategic growth lever.** Rather than short-term cost-cutting, optimising SG&A functions (like HR, IT, Finance and Procurement) should be seen as a way to drive long-term competitiveness, agility and operational resilience
- **Targeting non-labour inefficiencies preserves workforce strength.** Many businesses instinctively reduce headcount to cut costs, but smarter approaches focus on inefficiencies in systems, processes and supplier spend – unlocking savings without undermining core capabilities
- **Common barriers can stall progress.** The three most frequent blockers are:
 - *Data deficits that prevent clear visibility of spending*
 - *Governance gaps where no one owns procurement strategy end-to-end*
 - *Cultural resistance to change, especially in support functions perceived as low impact*

Sustainable savings rest on three foundational pillars:

1. Tracking savings with precision using robust analytics and reporting.
2. Strengthening the procurement function through skills, tools and leadership support.
3. Embedding a culture of efficiency that rewards accountability and continuous improvement.

Taking the next step

Partnering with Argon & Co means achieving clarity and results at an accelerated pace. We deliver actionable insights into your SG&A cost structure, uncovering inefficiencies and providing a roadmap to tangible financial improvements.

Your organisation's SG&A cost optimisation starts here. Whether you're looking to uncover inefficiencies, improve procurement practices or lock in sustainable savings, partnering with Argon & Co will give you the confidence to move forward.



Acknowledgements



This whitepaper has been written collaboratively by our Procurement and Finance teams. Our experts take a deep dive to identify the root causes of complex challenges and focus on delivering tangible results for clients. We combine technical expertise, operational experience, business knowledge, and common sense to help clients recognise and implement cost optimisation opportunities—embedding real change and delivering lasting impact. Our positive, flexible, and personal approach, with constructive challenge where required, ensures engagement at all levels and a successful outcome. [Learn more about us here](#)

About Argon & Co

Argon & Co is a global management consultancy that specialises in operations strategy and transformation. With expertise spanning supply chain planning, manufacturing, logistics, procurement, finance, and shared services, we work together with clients to transform their businesses and generate real change. Our people are engaging to work with and trusted by clients to get the job done. We have 17 offices across Europe, Australasia, America, Asia and the Middle East.

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