

Retail at a Tipping Point: Smarter Expense Management Starts Now

Retailers are no strangers to cost pressure. But the stakes are rising fast, and smart, sustainable expense management is no longer optional.

The Rising Cost Pressure in Retail

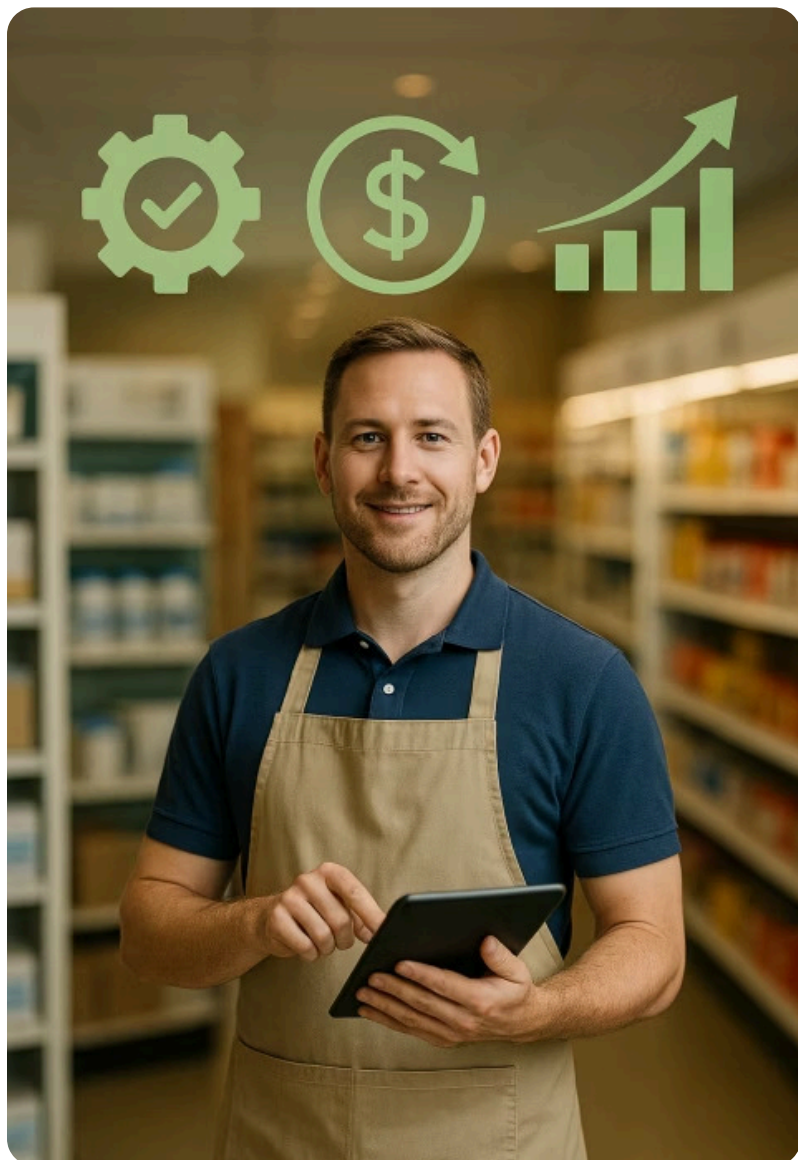
According to the Peterson Institute for International Economics, the new tariffs announced this year are expected to impact over \$90 billion in imported goods. Categories ranging from apparel to electronics to raw materials will see cost increases between ten and twenty-five percent. Lingering and new supply-chain concerns, along with rising transportation costs, continue to create unexpected expenses that impact every retailer's profit and loss statement.

Recent data reflect the urgency: [Deloitte's Global Chief Procurement Officer Survey](#) showed that 74% of CPOs ranked cost reduction as their number-one priority, a steep increase from just a year earlier. Other studies suggest that nearly sixty percent of retailers anticipate significant pressure to lower operational expenses before the end of the year.

For retail leaders, the message is clear: costs are rising, uncertainty is growing, and finding new ways to control indirect spend is becoming a critical priority.

Not Everyone Has a Procurement Team

Often, these studies concentrate on the call to action for Procurement leaders. Not every company has that dedicated position. Instead, the operations team often wears that hat along with everything else they are supporting. It can be easy to want to jump into cost controls and expense management quickly. It is already something many are familiar with, and with so many other activities already on the plate, leaders want to check the box and start eliminating costs.



We get it, prices are going up, store sales are flat or worse, with troubling signs in consumer confidence. The normal reaction: spend less, figure out alternatives, and get the results you're being asked for.

The Danger of Reactionary Cost Cutting

In situations like this, it's tempting to move fast and slash wherever possible. That is the ask, right? We can limit supply orders. Push off repairs. Cut store budgets without much structure. Get it done. Next.

But when expense cuts are made reactively, the consequences are often worse than the problem they were meant to solve. Basic supplies run out. Store teams waste hours scrambling for emergency fixes. Repairs get delayed until they become more expensive. Customer experience and employee morale suffer at exactly the wrong time.

The seemingly small things become larger and more noticeable. They erode brand trust. We've seen it across many retailers, some of which have ended up not surviving. Short-term savings that destabilize the operation only create bigger costs down the road. That's why expense management, now more than ever, requires strategy, not just speed.

A Smarter, Sustainable Approach to Expense Management

A better approach may be to think of this in two parts. This can allow retailers to stay true to their brand and values while being thoughtful in the approach to expense management. Pure speed is not the same as urgency. Most CEOs would agree that a thoughtful, strategic approach with urgency is better than just going fast to get a result. Then the discussion becomes more about the action steps and not only the time consideration. That can allow for a better approach that supports all the situational needs, not only time and money.

We can now take a more deliberate approach to the outcomes by breaking this into two steps:



Immediate wins

Tighten spending quickly, without damaging store operations. Where can these come from? Sourcing ideas from multiple parties can help find hidden victories that may not have been tried before, but are easy to implement. Each company situation will dictate the steps you can take for this.

Long-term program

Build a sustained, scalable process that delivers ongoing visibility, control, and ease of use for store teams. Investing in new solutions and vendor support will take time, but on the other side, you have a program that will continue to pay dividends to manage your supplies expense process **every** month or quarter instead of just the one in front of us.

WHY EXPENSE MANAGEMENT NEEDS TO CHANGE IN 2025

74% of CPOs now rank cost savings as their top priority
(Deloitte 2023 Global CPO Survey)

60% of retailers expect pressure to reduce operating costs in the next 12 months
(Retail Industry Leaders Association)

\$90 billion in imported goods impacted by new tariffs in 2024
(Peterson Institute for International Economics)

Up to 25% cost increases expected across key retail categories, including apparel and electronics
(Industry benchmarking)

Average 5–7 hours/week of store-manager time wasted on inefficient supply ordering processes

The intention isn't to create additional steps or layers of bureaucracy. It comes down to making the process easier for store managers and district leaders to do the right thing, stay supplied, stay within budget, and stay focused on running great stores even as economic pressures mount.

An effective program doesn't aim to address the 'right now' by itself; it is more about having a plan for the future, for whatever comes next, because there is always a next.



What a Good Supplies Management Program Looks Like

The right expense-management system, whether there is a dedicated procurement leader in place, or it is shared across store operations or other areas, should deliver:



Centralized visibility

Clear, real-time tracking of what stores are ordering, from whom, and at what prices.



Pre-negotiated supplier networks

Leveraging company-wide buying power to avoid inconsistent local purchases and one-off costs.



Easy ordering tools

Simplified catalogs, mobile access, and workflows that match the way store teams actually work.



Built-in budget management

Visibility on spending limits at the point of ordering, not after the fact.



Role-based customization

Tailored options so store managers see only what they are allowed and expected to buy.



Rapid approval where needed

Smart, lightweight workflows that speed up approvals without adding friction.

These can ensure that everyone is getting what they need from the system. Clear spend targets for the end users. Reporting and visibility to uses, timing, and spend amounts by location. The ability to manage upstream vendors for costs, availability, and timely deliveries.

The organization wins because it can now see what may have been invisible before. Store Managers spend more time in stores with their teams and customers because they are not rushing to buy supplies urgently due to running out of something, and they think they can save a few cents by getting it from Walmart or another local store.

The Opportunity Ahead

While it is often said that the best time to plant a tree was years ago, the second-best time for trees or anything else is always today. Whether you have a program in place today or not, you have something that is happening. Stores get the supplies they need somehow. Starting now to take control of what that process looks like and addressing the cost pressures that are upon us will help not only the 'now' but for the years ahead.

Building a smart supplies-management program is a strategic approach to a common problem that may go unnoticed. Taking on the challenge of finding the right solution can help in identifying both the immediate wins and long-term opportunities. You can move with urgency, and still build a strategy that allows for store leaders to focus on what matters: serving customers, driving sales, and running smooth, efficient operations. Most importantly, it creates a way to stay disciplined and manage costs without creating bottlenecks, making it easier for store teams to do their jobs, not harder.

Looking for a smarter way to manage supply expenses?

Varis offers a flexible, scalable solution designed to help mid-sized retailers take control of their indirect spend, without burdening their teams or adding complexity. To learn more or schedule a conversation, visit www.govaris.com or reach out directly to schedule a meeting.



About the Author

Chris Richardson is a seasoned retail executive with over 35 years of experience leading store operations, labor planning, process improvement, and cross-functional strategy for multi-billion-dollar retailers. He now leads [Accents Enterprises](#), his consulting practice focused on helping retail companies optimize store operations processes, communications, and systems. He also develops the next generation of retail leaders through his platform at [EffectiveRetailLeader.com](#)