

Reduce Costs



In an uncertain economy when every penny counts, even the smallest increase in income or reduction in expenses can have an impact on company profitability. The good news is a large-scale company overhaul isn't necessary.

A radical reduction in a single area of the business is too high a risk when looking at options on how to cut costs. Therefore, the best approach is to implement cost-cutting measures with equal distribution.

It's often simple, common sense steps that improve the bottom line, especially for smaller businesses. The goal of the measures isn't to gut the company but to reduce costs in incremental amounts by eliminating wasteful activities. Doing so makes a minimal impact on productivity and workplace morale.

1. Embrace virtual technology **2. Cut costs, not people**

Reduce business costs by operating in a virtual manner whenever possible.

Virtual meetings help minimise travel expenses and virtual offices can eliminate the need for physical space, especially in expensive towns like London. While we certainly don't want to eliminate personal contact altogether, we would recommend you save it for the instances when it's most beneficial.

Technologies such as Google Drive or Sync centralise business documents and product collaboration as an alternative to paper documents and meetings. In our experience if there is ever a need for teams to be working virtually rather than office based then this supports the transition perfectly.

If there's one thing to learn when exploring how to cut costs it's that small expenses are easily replaced. Great people... not so easy.

Consider a democratic approach when cutting back and try your best to avoid eliminating essential resources. Find ways to improve their work through flexible, lean online services instead.

And remember not to take it too far – to the point your business can no longer provide a quality service or prevent the operation and its growth. ►



3. Make sure you focus on quality

Quality sells whether in the form of products or services. Satisfied customers increase sales through referrals and repeat purchases.

Higher quality and a solid reputation allows you to charge higher prices, which equals higher revenue and a healthier bottom line.

Make sure that you have processes in place to ensure that your service is a quality one at all times, in some businesses a Quality Assurance process would be recommended.

4. Review financial costs

Look at your insurance policies and overheads for places to save money.

Save money on insurance by shopping around for the most competitive rate; then ask your current lender or insurance provider to match that rate. We recently saved a significant amount of money by using an insurance broker who had visibility of multiple prices, instead of going to the company direct.

Consider your utilities, there are cheaper rates for businesses both operating from a private residence or from commercial properties. Look at comparison sites for cheaper quotes or phone your existing provider and check you are on the cheapest deal.

Don't take on unnecessary debt. Do a thorough cost-benefit analysis and future forecasting when considering business expansion. Consider the opportunity costs and the effect of debt payments on cash flow. Excess debt affects company rating, interest rates and the ability to borrow in the future.

5. Make more efficient use of time

Increasing productivity will lower the cost of doing business. Remember, wasted time equals wasted money.

- Make sure you have visibility on how long it takes to complete operational processes in your business, this will help to identify issues.
- Use software such as Toggl and Zoho Projects to track team time usage, time spent on different types of work activities or projects and billable hours.
- When you delegate tasks set expectations for a reasonable amount of time to complete certain types of activities or tasks.
- Consider offering incentives for meeting or exceeding those expectations.

6. Consider documenting processes

As a business grows, there comes a time when it will be vital to have records of how things are done.

Documenting business processes, shows a business that is successfully growing and prospering, the owner being secure in the knowledge that things will go smoothly whether they are on site or not.

It's highly likely that once you have documented your processes that you will highlight areas where you can improve the process, which typically means it will take less time.

You will also be able to look at where you can automate parts of your process. Although you will need to consider the initial outlay for a system, there are so many cost effective options on the market that from a strategic view the cost reduction in terms of hours will outweigh any initial cost. ►



7. Look at adopting tech

To begin saving costs in your day-to-day business operations, you can't be afraid to automate. You can easily automate things like managing work/projects, accounting, social media, and marketing to help you money.

By implementing automation tools allows you to simplify repetitive tasks and therefore reduce the cost. Plus automated processes provide your clients with a slick professional service and it helps your business run efficiently. Here are some examples:

- For managing work/projects tools like Asana and Trello have free options and allow you to manage tasks and projects.
- Both XERO and Quickbooks can automate your accounts, saving time creating invoices, your bookkeeping and managing expense receipts.
- Automated email marketing tools allow you to send emails to all your customers without wasting time writing and sending emails to each individual.
- Tools like Buffer and Hootsuite allow you to schedule social media content. That way, you don't have to worry about posting or forgetting to post to your accounts.

8. Consider outsourcing

Please don't spend your time doing something badly or spending lots of time doing it when you could pay someone else to do it quickly and well.

We all have specific things that we are really great at doing, running a business for most is something very new and there is no bible that provides us with the right way to do things.

It's important to make sure that you have the right partners in place to help you with different elements of the business. With these trusted partnerships in place when the time is right to outsource, it will be a simple painless task.

We have a really simple way to think about this, consider your typical hourly rate compared to the hourly rate of a professional Virtual Assistant which is £35. For most business owners this is a no brainer of a decision, you could be earning more income and covering the cost of outsourcing. ■

Summary

It's no surprise that managing business costs well can be the differentiator between a business winning and one that sinks. Some cost-saving efforts have more advantages than others. Using the cost-saving tips from above might allow you to:

- Increase profit
- Improve & Increase productivity
- Improve standards and quality

If you'd like to get in touch with us, here are our details:

✉ wendy@wendyjohnstoneltd.co.uk

📞 07721 500048

🌐 <https://wendyjohnstoneltd.co.uk/>