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Great saves: how to keep your business costs down

All businesses want to save money to maximise profit – fortunately, even small cost savings can make a big difference to your bottom line. Look at the sales ledger and review every item of spend, line by line, to see where money could be saved, or improved terms with suppliers could be negotiated. "This is best practice for any business owner and should be done on an annual basis at the very least," says Alex Arnot, an entrepreneur and adviser to SMEs. "Many companies that are doing well let this slip, but it is an exercise that can add thousands to the bottom line." Small firms looking for new clients shouldn't simply target every potential prospect without delving deeper into the impact those businesses could have on their own operations, advises Ade Potts, the managing director of Experian's SME business. "Taking on the wrong kind of customers could have a negative effect if they don't pay on time or simply don't pay." Review each role within the company to see if it justifies a full-time position or whether a part-time role, outsourced option or external consultant is more cost effective. Use freelancers where possible to avoid the overheads associated with employing full-time staff including office space, suggests Xenios Thrasyvoulou, the founder and CEO of PeoplePerHour. "But you still want to pay a decent hourly or project rate so you get someone who is specialised who will get the job right first time around." Ensure you haven't got spare office space lying dormant – even if you are planning to grow into space, think about sub-letting to earn income on the accommodation you are not using, advises Arnot. SMEs often can lower costs by outsourcing functions that are not part of the core competency of the business. "Whether it's sales, accounting, payroll or human resources, if these functions detract from your primary mission, you may save money by outsourcing them," says Dean Kress, the associate director of the Faber Entrepreneurship Centre at the University of South Carolina. Turnover is expensive. Effective hiring and training practices will pay huge dividends in the long run, says Kress. "Remember that it's easy to fire someone, but, while it may be more difficult, it may also be more beneficial, and less expensive, to correct the behaviour and improve the performance of an employee not meeting your expectations." Involve all of your team in cost-cutting measures to ensure leanness, advises Mark Brunton, partner at accountants Tait Walker. "Constantly review your processes to improve efficiency, and measure business waste and defects to allow you to manage their reduction." Having lots of different software licences can be expensive, but with the growth in workers using their own personal devices for work, many SMEs are looking at enterprise app solutions, says Sujoy Chatterjee of ITC InfoTech. "They offer a simple way for the end user, your staff, to download, install and uninstall apps as and when they need them." Collaborate with other businesses to share resources and place bigger orders to gain discounts, split advertising and promotion costs, share mailing lists, distribution channels and suppliers. Likewise, joining a trade association might yield bulk purchasing discounts. Swapping one product or service for another is a good way to avoid cash outlays and ship out slow-moving stock. If you'd rather not bargain with other businesses directly, try an exchange such as

[Bartercard](#).

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