

STRATEGIES TO REDUCE EXPENSES

Cash Management

- Look for cash discounts from your supplier
- Hold cash as long as possible if there are no discounts
- Require two signatures on all cheques, contracts, etc
- Charge interest on overdue payments from customers
- Credit cards must be paid on time to avoid charges
- Avoid issuing company credit cards to employees
- Consider contracting out payroll services
- Avoid late payments to suppliers to avoid penalties
- Set up alerts for scheduling payments
- Read your statements regularly to monitor cash flow
- Avoid giving credit to your customers whenever possible
- you are not their bank
- Have a vibrant A/R collection process to improve cash flow
- Check the rates you are being charged for accepting credit cards, and ask regularly for better pricing

Accounting and Insurance

- Get multiple insurance quotes on a regular basis
- Consider self-insurance programs for employee health benefits
- Raise deductibles to lower insurance costs♦
- Ask your insurance agent what you can do in your business to reduce risk and get better rates
- Consider in-house bookkeeping
- Ask your accountant for a reduced rate
- Make sure to take the time with your accountant to get a clear financial understanding of your business

Advertising

- Review your advertising costs quarterly and measure against results
- Contact vendors for co-op dollars for advertising spending
- Never advertise just because everybody else does it - have a plan
- Cut your advertising budget in half for 1 year and see what happens
- Try new, cheaper advertising methods
- Start a blog
- Use Facebook, LinkedIn, and other social media - if you can maintain them
- Use YouTube for promotion
- Start an e-newsletter
- Bag-stuff your customers with information and offers that will bring them back into your business
- Give free seminars to your customers using your staff and vendors as speakers
- Try to get free publicity
- Consulting Fees
- Review all consulting fees regularly
- Consider contracting out those things that are costing you money and labour
- Pay consultants for training your staff in sales for better results
- Consider free training from people just starting out in the consulting business and looking for gigs
- Watch for creeping costs in consulting, and entertain hiring your consultant as an employee if this will save you money
- Hire freelancers who will work at home and reduce your costs

Inventory

- Monitor your turns and use inventory systems to have just-in-time inventory practices
- Sell off unused inventory at reduced prices to turn that inventory into cash
- Put products on sale before expiry dates
- Smart buying can save you money, but don't overbuy because something is on sale. Always use your inventory system to gauge how much you can sell over the next period.
- Train your staff who are ordering your inventory to adhere to your system and to make smart choice

STRATEGIES TO REDUCE EXPENSES, CONTINUED

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- **Lease and Rent**
 - Look for ways to reduce your rent and lease costs. Ask for reduced rates.
 - Consider your long-term strategic plan before entering extended leases.
 - Look for ways to purchase your building or site as a way to reduce costs and increase your investments
 - Reduce the size of your rental space by eliminating products that don't sell and focusing on your key products
 - Operate your business out of your house, if you can
- **Meals and Entertainment**
 - Consider giving your staff per diem rates instead of blanket coverage of meals
 - Eliminate the alcohol - many companies no longer pay for their staff to drink, and neither should you
 - Find ways to get your suppliers to take your staff out for training dinners
 - Consider potluck dinners for company event
- **Memberships**
 - Review your memberships regularly to see if you are benefiting from them
 - Make the most of association benefits to reduce insurance, travel, and shipping costs
 - At trade shows and association events, have a plan to come away with a money-making idea
 - Look for opportunities to join buying groups or alliances to reduce costs
- **Repairs and Maintenance**
 - Keep track of your equipment by asking contractors to sign a sheet that is attached to the equipment each time it is serviced
 - Eliminate equipment that is costing you in repairs and replace it with new or slightly used alternatives
 - Get multiple quotes on expensive repairs
 - Learn to fix stuff yourself
 - Find contractors that will work at lower rates for smaller projects
- **Supplies**
 - Only buy products in bulk if you will be using them on a very regular basis. Don't buy 2 year's worth of anything
 - Go paperless if you can
 - Get a service contract for photocopiers and printers to reduce expensive toner pricing
- Keep track of supplies to avoid employee home use
- Check your pricing of office suppliers
- **Travel Expenses**
 - Avoid travel whenever possible to reduce costs.
 - Use technology for meetings where possible.
 - Never fly first class. Instead, use budget hotels and airlines where possible, and save the fancy flying for when you travel with your family
 - Book early or use points.
 - Have one staff member travel instead of a whole group and get them to come back and present what they learned
- **Utilities**
 - Avoid company cell phone issued to employees. Pay lump sums on a monthly basis to avoid contracts and reduce abuse
 - Consider VOIP phone services to reduce costs
 - Consider eliminating your landlines
 - Eliminate extra phone services that you no longer use or need
 - Save energy by painting with bright colors and utilizing natural light
 - Turn your computers off at night, and you will save \$50 per computer, per year
 - Turn off air conditioners and heaters when there is no one in your building to save energy
 - Change your filters regularly to reduce energy usage
 - Buy only energy efficient equipment when replacing or investing
 - Get a free energy audit
 - Look for energy credits for reducing your load
 - Replace expensive energy-burning lights with new efficient ones
 - Use technology to reduce energy costs
 - Search for inexpensive local web hosting
 - Use cloud storage instead of local servers to reduce energy cost
- **Vehicles**
 - Buy used vehicles for your company whenever possible to reduce loss of investment
 - Have logbooks for vehicles to ensure proper use
 - Eliminate collision insurance on older vehicles to reduce costs
 - Trade vehicle repairs for your goods and services
 - Consider offering mileage rates to your staff instead of buying company vehicles



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STRATEGIES TO REDUCE EXPENSES, CONTINUED

Wages and Benefits

- Review your scheduling hours on a weekly basis
- Consider cutting your hours of operation by looking closely at your customer activities and times of patronage
- Offer wellness days and unpaid leave to staff members who you want to keep on and are a blessing to your business
- Review your staff compensation on a regular basis to ensure that it is fair and to avoid staff turnover
- Consider profit sharing programs to incentivize staff
- Be slow to hire and quick to fire
- Have regular employee performance reviews to ensure that they are focused on their job and know what is expected of them
- Consider interns or crowdsourcing where possible to reduce your costs
- Stagger working hours to ensure your business is adequately staffed during the times that your customers need your help
- Close on holidays or days when business is slow
- Send staff home when it's slow by asking who would like to take the rest of the day off
- Outsource HR and payroll to external providers when feasible to save money
- Consider part-time employees when possible. This can result in labour cost savings in some cases, and give you additional capacity when needed

Waste

- Price your waste contracts on an annual basis
- Recycle as much as possible
- Look at where your company creates waste, and try to eliminate it at the source.



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