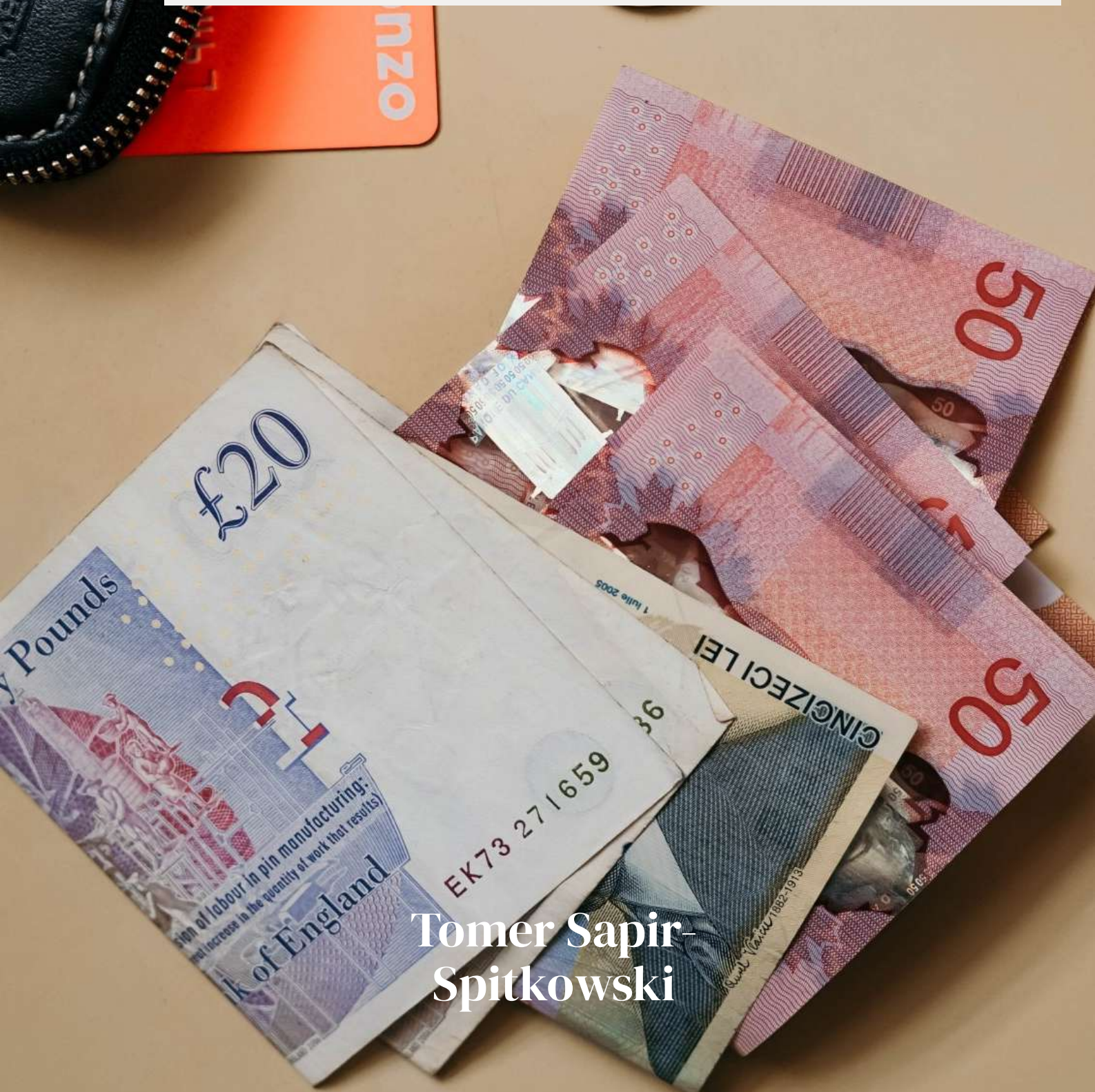


One Hundred

Business Cost Saving Ideas



Tomer Sapir-Spitkowski

One Hundred Business Cost Saving Ideas

By: [Tomer Spitkowski](#)

Since before the current COVID-19 crisis started, I have been speaking with many business owners about investing in or acquiring part or all of their business.

Part of these conversation is, of course, about the financial situation of their companies. After reviewing many profit and loss statements and balance sheets, the pattern that I almost always see is that company expenses can always benefit from some cost savings.

In some cases, the situation is really bad and in other cases, I can find a relatively lean operation costs, but the truth is that there is always room for improvement.

I decided to write this article and share some ideas about potential cost saving strategies, any business owner can benefit from. I am sure that most business owners have considered this issue and maybe, nothing here will come as a surprise. However, sometimes, just putting an organised list together can be helpful in finding and executing ideas you have not previously considered.

The current lockdown put us in a situation where many of our businesses are closed and we have no income for several weeks.

One day soon, when the lockdown is finally lifted, you will all go back to your businesses and the first thing you will need to do is turn your business on again and take care of your income.

However, now is the time to plan how you are going to cut your expenses to help and improve your cashflow. Some of these items might seem very small but implementing even small steps for savings can accumulate to a huge decrease in your company's expenses.

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I would like you to know that I am an investor and a business owner just like you. I am not connected with any service provider and have no preference to anyone. Any example of a service provider I give below is just an example and you should do your own due diligence about who can provide you with the cheapest and best service that fits your needs.

Here are more than a hundred ideas of what you can do, divided into subjects:

- Expenses
- Processes
- Utilities
- Admin and Office
- Sales and Marketing
- Professional Services
- Stocks and Supply chain
- Staff and HR
- Technology
- Efficiency
- Other



Expenses

Review your operating expenses – this is the time to view all of your operational expenses. You should start from the biggest cost and work your way down to the smaller expenses. Once you've reviewed, negotiated and/or cancelled your expenses you should set a budget and a forecast and monitor your expenses on a monthly basis.



Insurance – When was the last time you shopped for a cheaper insurance? There are tools online to compare insurance and I also suggest you approach at least 3 brokers to get the best offer you can. I also suggest you review your policy and see if you have enough or too much coverage. You should consider if you need all the insurances you currently have and cancel those that aren't necessary. One way to save is to check your trade association, as many of them have group insurance that might be cheaper than the one you have.

Your payment times – Remember that you must monitor your cashflow. Sometimes having an extra week of the money in your account can make a significant difference. There are several ways to “buy time” on your payments:

- first and foremost, if there isn't any penalty or interest, try to make the payment as late as possible, though make sure this doesn't harm your relationship with your suppliers.
- Second, you can renegotiate your payment terms. In most cases people try to negotiate a reduction in price and that's the hardest thing for sales reps to give. However, payment terms are a much easier concession. So, if you negotiate a payment term of 60 days instead of 30 days, this can make a huge impact on your cash flow.
- The last suggestion I have for you might seem a little “old fashioned”. Nowadays, we all use auto payment from our bank account which is almost instantaneous. I suggest you revert back to using checks. Do you remember the days your customer told you “the check is in the mail...”? I'm sure you hated it but now, it's time for you to use it. When you send a check, it takes about 2 days to arrive to its destination. Then someone needs to go and deposit it and, before you know it, you've gained another week.

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Seek at least 3 bids on everything you plan to buy – your purchases, even the mundane ones, are worth shopping around. It is so easy to make price comparison today. You can do it online on specialised web sites or just ask for quotes from more than one supplier. Even if you have preferred suppliers, it's easy to shop around, show them what you found and ask them to price match. I would be very surprised if you were refused.

Loans – You need to consider restructuring your loans. If you have a repayment loan, you might want to consider an interest only. If you have a high interest loan, consider replacing it with a cheaper loan. This can save you thousands of pounds and make a huge impact on your monthly expenses.

Less traveling – If there's one thing this crisis taught us is that we can achieve many things on a call or a video call. Just imagine how much time and money you'll save by replacing some of your travels with video calls.

Check your recurring expenses - It's now time to eliminate all unneeded expenses; the subscriptions you forgot about, the service you don't really need and more. Here is a simple way to do it. Just go to your business bank account and cancel all direct debits. You will immediately get calls and letters from your providers asking you to renew them. I am almost certain there will be few providers, you simply forgot you're paying for, and these will be the ones you should stop using and paying for.

Consider Leasing vs. purchase equipment – Leasing equipment helps you avoid big cash purchases and allows you to spread the cost over the lifetime of the equipment. It also allows you to recognise the expense vs. having a capital investment depreciate over time.



Processes

Changing and improving processes in your organisation can help you to reduce costs. However, I want to emphasise that there's a balance you need to keep between changing too much and investing money in process changes that won't bring the benefits you expect.

Consider outsourcing – you need to view parts of your business that aren't strategic and are inefficient and consider outsourcing them. These could be HR, IT, Admin, purchasing or any other area that would allow you to make a saving, in many cases by reducing staff.



Stay on top of your debtor and creditor accounts.

Especially your debtors. This is money that needs to come in on time and by monitoring it closely, your cashflow will be dramatically improved.

Examine your processes with a view to save – Try to identify which are your strategic processes and review them with a critical set of eyes. Can you make them faster, cheaper and better? If you can, just do it.

Labour intensive processes – try to identify which of your processes is very labour intensive and check if there's a way to automate it and reduce the time and cost of such a process. For example, does a process require a lot of forms filling or handing over from one person to another. Once you identify these, you can easily use technology to make them better.

Time – Try to identify if you can use different time in the day/week/month to perform certain tasks. Is it worth doing stuff offshore during the night? is it better done in the morning or the evening? Let me give you a simple example. During my days as an executive in a corporate, I made a decision that all meetings with my sales team will be done either before 9AM or after 4PM to allow maximum face/communication time with customers.

Customer service – you should can consider that “one size doesn't necessarily fit all” - can you create different levels of service? Maybe you can save money through that while keeping your customers happy.

Utilities

I'm sure that you don't check your electricity/gas/water bills very often. Usually we tend to look at them as fixed expenses which we must pay. Well, now is the time to check the competition. In most areas you'll have several gas and electric providers and they compete on prices. I am a landlord with many properties and utility bills are some of my biggest expenses. Recently I decided to check all of them and seek cheaper providers. Yes, I had to sign a longer-term commitment but, I was able to lower my utility cost by almost 20%. That is a huge saving and if you don't want to do the work, there are several companies online that will check the market for you and sign the agreements without even charging you.

Some of the savings are so simple and all they take is our intention and attention:

Electricity:

- Switch-off the lights when everyone went home (install a timer)
- Change your bulbs to LED
- Add sensor lighting
- Etc

Gas:

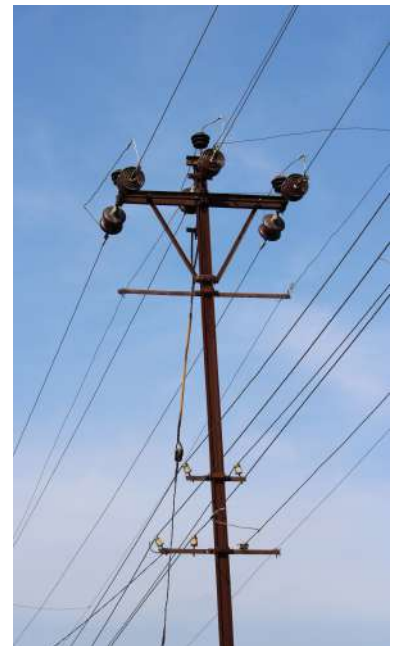
- Stop heating in areas that aren't used
- Add thermostat and timer to save on heating
- Replace electric heaters with gas heaters
- Etc

Water:

Use water saving devices. They are cheap to buy in any DIY store and they save 20%-30%

Internet:

Shop and compare providers. You will find huge differences in your communication costs.



Office and Admin

Share an office or use a co-working option – if your lease allows you to reduce the size of the space you're using; you should consider it. Even if it doesn't you should try to negotiate with your landlord, not only for lower rent but also for keeping a smaller space. In the last few years a huge amount of office space was converted into co-working space. I believe now there will be an oversupply of such space and prices will go down. You should consider using these spaces which will allow you to be flexible in the space you use.

Print only what is necessary – Also, consider printing on both sides of the paper and use black & white, whenever you can. You should also consider buying recycled printer cartridges which are significantly cheaper.



Buy used office equipment and furniture – you can get used furniture and equipment for next to nothing on websites like Facebook, eBay, gumtree, etc.

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Try to reduce your mail and shipping costs - Shop around between available couriers. Think, whether you really need to send 1st class mail or is 2nd class good enough? Even better, if you send bulk mail, you can find service providers online that are 20% cheaper than the Royal Mail. www.parcel2go.com for example charge 13p less than Royal Mail which is a saving of 24% for each letter.

Relocate your business – About 5 years ago I had an office in London and an office in Reading. The first was 1/3 the size but cost me more than twice. Think about it, can you relocate all or part of your business to a lower rent area? Do you really need the fancy offices in the middle of the city? can you keep a small part of your business in a high rent cost area but move the majority somewhere cheaper? If the answer is yes, you can save a small fortune.

Bookkeeping and accounting are 2 of the easiest processes to outsource. If it saves you money, just do it.

Offshore cheap labour – in the last few years, many businesses have started to use offshore services and cheap labour through websites such as:

<https://www.fiverr.com/>

<https://www.freelancer.com/>

<https://www.workingmums.co.uk/>

You can find almost any service you need for a very low cost. On top of that, there are dozens of websites that offer virtual assistants in almost every country. You should consider if you can save some costs by outsourcing some of your admin tasks to virtual assistants.

Sales and Marketing

Sales and marketing are your sources of income. These are extremely important to get funds in but, there's a lot of saving that can be made here as well.

DIY marketing and PR – instead of paying for these services, there's a lot you can do inside your organisation. There are many online tools that can help and automate these processes



Re-examine at the efficiency of your sale process and interaction with customer – I will reiterate what I wrote earlier, can you make it fast, cheaper and better?

Use your happy customers as your advocates – The best PR and positioning you can have, is having your customers tell others about you. It's free and many of them will be happy to do it for you. Get their testimonials on video and put them on your website!

Pay on success – if you haven't used a commission on your sales, now is the time to do it. Be generous on your payment for those who bring you profitable deals. Get rid of the sales managers that don't perform.

Measure customer face time of your sales team – years ago, when I was a VP of sales, I did a simple check. I looked on the actual calendar of my entire sales team to see how many customers facing meeting and customer calls they've scheduled in a week. The result was shocking! In most cases, less than 15% of their time was spent meeting and speaking with customers. The equation is very simple; if customer interaction (call/meeting) brings money to the business, this how they need to spend at least 75% of their time. Make sure it's done.

Clean your mailing list – in many businesses, the mailing list is old and mostly irrelevant. Now is time to sort it out. Consider reducing the frequency of your mailing and make sure you send the mails to an updated list of customers.

Professional services

Hourly rates - I'm sure you've heard the expression "you get what you've paid for". Well, let me put it in very simple words; if you pay for the hours of the professionals you're using, you get hours. How many hours do you think your solicitor/consultant/accountant will charge you for a task you ask him to do? The answer is simple, sad but simple – As much as he can (yes, even if you've worked with him for many years).

So, if you want to save money on professional services, try to set a limit or even better, a fixed fee for the tasks you assign to the professionals around you. If you still need to pay based on hours, negotiate the rates down.

Get tax advice – I am not a tax expert but there are many professionals that are. Get a good one and listen to his advice. It can save you tens of thousands of pounds.

Using a credit card? if yes, make credit comparisons. The interest you're paying on your company credit card is probably huge (it can range between 20%-50%). It's very convenient but also very expensive. The solution is simple; find a cheaper source of financing.

Let me give you a small challenge.

First thing tomorrow morning call:

1. Your solicitor
2. Your accountant
3. Your consultant
4. Your insurance broker

Not one of them, all of them. Simply ask them if they have any suggestions how you can cut down on their costs. I am 1000% sure you'll be surprised, not only with how easy it is but also with the ideas they will come up with.



Collect your debts – if your customers aren't paying your invoice, they're not really customers. Yes, these are hard times but if you provided a product or a service, you should get paid. If they are not paying, consider using a collection agency. True, you might lose the customer but, do you really want to continue working with a customer that doesn't pay?

Stocks and supply chain

Minimise costs associated with inventory and supply chain – I really think this is self-explanatory. The less inventory you have, the more money flows in and the more you can reduce the cost of your supply chain, the more profit you make. Here are some ideas.

Re-negotiate all your contract with you suppliers – I suggest you set 2 goals for these negotiations:

1. Reduce costs of materials and services
2. Get better payment terms

Payment terms - most people concentrate on reducing the cost, which is the hardest to achieve. While cost reduction is of extreme importance, the 2nd item is almost as important and is much easier to achieve. Just imagine what it means to your cash flow if you can make a payment not within 30 days but in 60 days. It's 30 days more that the money is sitting in your account. In some cases, just a small change like that can save you the need to use a factoring service for your company which will saves you immensely.

Consider outsourcing – Try to see which part of your supply chain can be outsourced. If it's not strategic for you to keep that part of the process and it brings you savings, simply outsource it.

Consider a buying alliance – If you can join forces with another business or a trade association you might be able to get better discount for bulk purchases. An example of this is LNPG (Landlord National Purchasing Group) which allows landlords to purchase materials at a significant discount.

Cutting down on maintenance - Do you really need your current level of maintenance?

Is a daily cleaning service at the office essential right now or can you do it once a week? do you need a 24/7 service? Simply look at your maintenance eservices throughout the organisation and see if you can make saving by reducing the level of your maintenance or service.

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Sell old inventory – Almost every company has dead inventory. Yes, the stuff that is sitting in storage and takes a lot of space. You should sell it. You can use websites like eBay, Facebook, Gumtree or Craigslist and get some money from dead inventory. Let me share with you what I've done when my garage ran out of storage space. I told my 16 years old that he gets 50% on anything he sells on eBay. Before I knew it, most of the stuff was gone and he took care of everything including shipping. The money just got into my PayPal account without me doing anything. You can do the same with one of your staff members, one of your offsprings or, just do it yourself if you'd like.



Staff and HR

Virtual staff – As I've mentioned earlier, many tasks can be done offshore by virtual assistants. You can buy these services for a significantly lower cost in English speaking countries such as India, Pakistan, Philippines and others. They provide efficient, cheap and trackable services that can save you great costs.

Consider apprentices – the apprentices' program in the UK is a great source of good employees that don't cost much. You get 2 great benefits:

1. You help young people at the beginning of their career and
2. You can get great employees for a low cost.



Hire good employees with little work experience – Similar to apprentices but these are great staff member at the beginning of their career.

Get saving advice from your staff – If you communicate to your staff that the company needs their help, they will help. In many cases you will get amazing ideas from your staff that you never thought about. By the way, if you want to encourage this behaviour, if one of your staff members gave you a great idea, communicate this to everyone and give him something for it. It doesn't have to be payment, send him on a holiday or a weekend. You'll be amazed on how many great ideas might follow from other members of your team.

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Hold down pay increases – This require no explanations. These are tough times and I think it makes perfect sense to hold on increases. However, if some of your staff does something extra ordinary, compensate him. It can be a bonus or anything else you think will create a positive outcome and encourages your other staff members to act the same.

Cut salaries – If there is no other choice, you should consider cutting salaries. In many cases staff will rather take a salary cut than lose their jobs. One suggestion though, lead by example. The management team need to set the tone and take even a bigger cut than others, starting with you. It might be a challenge for you showing every day in your new £250K McLaren while you're asking others to take a salary cut. Be smart and sensible.

Encourage staff to use holiday - Yes, we will soon come out of a lockdown and I'm sure the last thing your staff will want is to take holiday but, if needed, you can ask them to do so (not right away but at some point) to help your business save on HR costs.

Allow employees to work remotely – we have all been working from home in the last few weeks. If it works for you, you should adopt this. Maybe allow each employee to work from home one day a week. It'll save you on energy, space and more and even make your employees happier.

Outsource your HR department – there are many companies that can take that task and if it makes sense in your company to outsource this function, simply go ahead and do it. Another option is to outsource your payroll processing if it's done internally. It's very simple and could create savings for the organisation.

Consider a 4-day work week – imagine if employees don't come on Friday and the business doesn't get impacted. Can it be done? if so, you'll save on utilities and operations and potentially on salaries. On top of that, your employees might like it as well. This can be a huge win-win for everyone.

Technology

Technology is amazing. It changes the way we live, the way we work and the way we do business. It's a great enabler of change and efficiency but it also carries risks. Many people are intimidated by changes and especially by technological changes. So, when you consider using technology to make savings, make sure you communicate with your staff and explain what you are doing. You want your staff to embrace the change rather than resist it.

Use open source software – The last thing I would suggest right now is spending time and money on replacing IT systems. However, if you do need one, there are many open source and free solutions that you should explore.

Communication – In case you still use paid landline solutions, you should look into web-based calling services such as Skype and others.



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Video conferencing – If there is one thing we learnt during the lockdown is that video calls are a good solution. Using video services such as Zoom, Microsoft, Google, Facebook, WhatsApp or any other solution is a good substitute to face to face meetings and travel. This can save on both international and domestic travel costs. Imagine you're located in Manchester and have a meeting in London. It'll cost about £200 to use the train and take a whole day, or even an overnight stay. All in all, a single meeting would cost you about £500. All of that can be saved by opting in for a video conference instead. What a saving!

Forms, documents and contracts – Using electric signatures online saves you the need to send documents, scan them, file them, etc. It's cheap, legal and efficient

Move online – If there are parts of your business that can move online, and you still haven't done so yet, now might be the time for that. Not only is it cheaper to operate that way, but it can save you store front expenses, storage and inventory, and many other back office processes will become cheaper and more efficient.

Live in the cloud – Cloud services have become cheap, reliable and easy to use. Many companies provide such services starting with giants like Amazon, Oracle and Microsoft, but also including local UK companies. These solution providers will take over the entire operation including software, storage, back-up and everything else that is needed, leaving you the time to deal with your business.

Outsource your IT operations – IT is one more area that you might consider outsourcing. If you are an IT company, of course it doesn't make sense but if you're focused on other business areas, it's something to consider.

Go paperless – normally, your business creates so much paper that it's really hard to manage and store. If this is an issue in your business, why not attempt to become as paperless as possible? Scanners and storage are cheap and easy to use, and not only will they save you space, but also are better in maintaining and indexing your data. Moreover, that data will be stored and backed up in the cloud for next to no cost at all.

Efficiency

Location of your operations – similar to my advice about moving the office to a cheaper location, if you are operating in multiple locations, you should consider shifting your operations or process to the most efficient location.

Eliminate duplications - When looking at the processes of your business, you might find all kind of duplications. This can be between people, departments or any part of your operation. If you do find these, simply eliminate them.

Cut wasteful meetings - here are some simple pieces of advice on how you can make your meetings more efficient:

- Minimise the meeting time (in any case, no longer than 1 hour)
- Minimise the number of attendees (for some reason, especially in management meetings, everyone wants to be there to feel important)
- Assign a leader in charge of the meeting. This person should also be the “Timekeeper” and should put the meeting back in track when needed.
- Set an agenda for the meeting
- Set the goals and the outcomes
- Materials for the meeting should be sent over to attendees one day ahead of the meeting and everyone should review them prior to the meeting.
- Each attendee should have a limited time to speak/present
- Try to avoid long presentations. Actually, you should ban the usage of PowerPoint in meetings.
- All phones/laptops shall be turned off until the meeting is over.

If you exercise these ideas, I expect the wasted time in your meeting will shrink dramatically.

Take something away – usually when you think about investing in a business, you invest “IN” and expect the business to grow. Now it’s time for reverse thinking. Have a look at your business and try to take something out instead. For example, if you reduce the size of your car fleet, can you still handle the same level of business? If you eliminate non profitable customers, will your profit grow? If you close a losing department, will this contribute to, the company? If the answer is yes, go ahead and do it. Take something “OUT” to get more.

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Use Pareto's 80/20 principle – Pareto's principal can be easily used to save money and increase income. Focus in reducing 20% of the expenses that generate 80% of the cost, focus on 20% of the customers the generate 80% of the profitability, etc.

Improve your cashflow vs. leveraged financing – when you feel the company has a problematic cashflow the reaction is usually to take a loan or add invoice financing (factoring). This is usually a short-term easy way out that puts an even a bigger burden on the company's future cashflow. Instead, you should try to improve your cashflow which might eliminate the need to use these kinds of financing.

Performance measurement – what you measure will improve. I'm sure you know this, everything we give our attention to, will get better. So, if you measure your expenses and your cashflow on a regular basis, I assure you they will improve.



Other

Some of the ideas here wouldn't fit everyone but are still worth mentioning.

Sell a losing division/company – if your business is bigger in size and one of your divisions/companies is losing money, consider selling it. The beauty is that, since the organisation result are consolidated, once sold, the loss, which reduced your overall profit, can be recognised as an expense and immediately increase your profit.

Self-educate yourself – I don't know how you spend your time, but I am trying to expand my knowledge all the time. It's little sarcastic for me to say that but in many cases your "so called expert" to whom you're paying a significant hourly fee, can be replaced if you take the time to self-learn at home. You can find training and knowledge about almost anything online.

Check if your business qualifies for government grants or funding – if it does, it's a great source of additional income.

Learn to negotiate – many of the ideas above are reliant on your ability to negotiate. It can be with your suppliers, your debtors, your customers, your partners or anyone else. If you haven't mastered the art of negotiation, now is a good time to learn it.

How can you do it faster, cheaper and better? – I mentioned it several times in this article. I suggest you adopt this way of think. Try to look at everything in your business through a magnifying glass of "how can I do it faster, cheaper and better?"

The sharing economy – I'm sure you've heard about the new generation who's willing to share. Today people share cars, houses, offices and much more. Think about the assets in your business. Can any of them be shared? Can someone else share your office, your machinery, your cars or any other assets you have?

Conclusion

In this article I have shared many ideas you can use to save cost in your business. There are many more and you should take the time to consider which of these can be implemented in your business but also, what other ideas can be utilised to save you money.

Every penny you save on your expenses goes directly to your profit.

I hope this article will be of use to you. Good Luck!

About Tomer

Tomer Spitkowski is an angel investor, and entrepreneur, a speaker and a property investor. He led companies as a CEO, President and an executive and invests in the UK property market, as well as buy and consult to small businesses in the UK.

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