



BEST PRACTICES

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Improve your bottom line

Among the many challenges this and other industries face this year is trying to improve bottom-line results. Not only are we challenged by lower prices for our work, but retaining accounts has become a growing issue in many markets because customers are demanding reduced costs. It's not uncommon to have clients ask their vendors for cost concessions.

Some opportunities exist to reduce costs. Here are some ideas:

▶ **Revisit your benefit plans.** Survey your competitors to see what benefits they're providing. Many probably have reduced benefits and your benefit plans may be excessive in this economy. You want to achieve a balance. You still want to retain employees, but many companies have cut benefits at the field level because the employees don't value them. We've all lost people for a competitor's 25 cents more an hour, for example, so the amount of take-home pay may have more value than time off for these employees, for example.

▶ **Reduce the dumb taxes.** Dumb taxes are the costs you incur that customers shouldn't be expected to pay. You absorb the cost yourself or try to pass it on to the customer as part of your overhead. One obvious example might be in your uniform expenses.

There's a balance to be achieved. You still want to retain employees, but **many companies have cut benefits at the field level** because the employees don't value them.

Are you providing your middle management team costly logo wear, for example? The costs easily can get out of hand.

Personal use of company vehicles is another area where dumb taxes reside. Many companies have reduced this cost exposure because when several employees live a long way from the company office, the cost of this benefit to become disproportional and unacceptable.

Here's another expense that doesn't seem that important, but it adds up. I've been in the offices of many contractors who bring food into meetings, often way more than needed. While this is a nice perk, is it a cost you want to pass on to clients?

▶ **Renegotiate with your vendors.** Your clients are asking you for cost concessions, so why not look to your vendors for help? Consider approaching your landlord and asking him or her for a decrease, perhaps in exchange for extending your lease. Why not ask uniform suppliers for concessions?

Many of you consistently pay your vendors on time while your competitors don't. Ask for larger on-time discounts. Shop your cell-phone services and look to lower those costs. If you get a lower price, your provider will match usually.

Finally, examine your office phone bills. You may find you're being charged for lines you no longer have or for things that you don't need, such as line maintenance and call forwarding, as examples.

▶ **Fine-tune your shop management.** Many owners and managers aren't well versed on shop management. The shop is inundated by salespeople offering "deals" that might look good to the shop manager because of some perk that's included. They get comfortable with the vendor, but over time, the good deal isn't so good. Turn an objective eye to evaluating the vendor relationships to ensure you're not overspending in this area.

There are many opportunities for you to save money for your business. They may not all be pleasant, but these are somewhat unprecedented economic times.