

## squeezing the lemon

Here are some tips for cost control, especially in the early stages:

- Buy your furniture second hand or at auction.
- Buy your computer equipment and software first hand and invest heavily in computer training – for everyone. (I made the mistake of assuming the senior players we recruited had these sorts of skills and then found they depended on ‘administrative support’ in order to do the most basic tasks. I often found I needed to employ two people for the price of one.)
- Buy quality paper only for outgoing formal offers to clients. Limit all stationery investment by rigorous control and have a policy that all message-taking is done on the reverse of redundant printouts. By the way, do not forget the power of a fax, even today – a piece of paper landing on someone’s desk is a refreshing change from the endless email traffic, and might put you in a physical in-tray faster than someone can click the delete button.
- Team members can do all sorts of tasks to save funds if bribed openly with pizza or other refreshments. Things like sample packaging / promotional mailings / sending newsletters can all be arranged during lunchtimes, and a lunchtime food rate is a lot cheaper than paying for outsourcing.
- Utilise all free labour including offers of work experience which can be a massive benefit for all – particularly during busy times. Apprenticeships might also be worth consideration, as all parties win for a relatively low wage at the start. However, do not treat work placements as being anything other than an extra team member – individuals will add huge value if they are there to do more than make coffee and tea. One of our temporary staff once came up with a simply brilliant ‘language’ for us to use in managing the communication of our stock – the traffic light system could not have been a more straightforward approach and saved us time and money.
- Save recruitment fees by word of mouth messages. We had a policy of advertising jobs to the internal team when also recruiting from the outside. This gives every team member the opportunity to consider a role change or progression, or to tell friends they rate and think would fit in. There is no better gauge of a potential employee’s character than those people who will have to work with the person who is potentially being employed.
- Stay fit and walk and talk for straightforward meetings. Many our team kept trainers at work and walked and talked during lunchtimes. This is not just a way of keeping costs down, but a sanity stride round the park can also do wonders for refreshing the mind.
- An end-of-day lights off and computers off (and not in sleep mode) policy saves money and sets the right message for all employees to consider the environment.
- Establish early on a travel and hotel stay policy. Economy flights from the outset is the norm.
- Postage can cost business a fortune, so set a policy for determining which parcels go by what level of urgency. You will be amazed at what you can save by good mailroom management, and the same applies to sending out brochures, samples and catalogues. This is a good example of an area where people feeling they belong makes a difference. They will look out for the small stuff that really adds up.
- I have already mentioned my ‘three quote’ buying system when I discussed getting accounts advice in the very early days of the business. This is a priceless way to check that you are buying the best, so apply it to all your procurement needs – and regularly test the incumbent against others so the main provider keeps their prices sharp.



You can always buy in expertise in the form of subcontractors, and one example is appropriate here (though it's also a general cost-saving point: we did this in other areas, notably finance and recruitment). I made a seriously rewarding investment at a time when we had been stretched but I felt the budget could not afford a full time role in professional buying. I turned to a colleague in the industry, and he helped review our warehousing services, among other things. I only had to pay him by the day and the return on this investment was significant considering the chunky savings he made. This kind of buying review should be an automatic process for business owners growing into the mid-scale.

- Giving time away is a priceless reward if you cannot afford cash. Sunshine might mean an early-finish Friday, when we would announce ad hoc early departures for the general team, with management staying behind to man the phones.
- Outsourcing IT network support is money well spent. Incidentally, also use off the shelf packages for all of accounts management and reporting software until you get to the size where you need a small of customisation.
- Short-term leases with easy early break clauses give you plenty of chances to move office.
- Limits on who had company credit cards definitely saved expenses – especially coming on top of a rigorous expenses procedure that I would check from time to time.
- Referral sales make growth easy. Deliver on a service promise, fight to retain all your customers and then get those loyal fans to help introduce you to others.
- Simple premium gifting paid dividends we can never calculate – inflatable sponge ducks, 'get it done today' memo pads and large plastic memo clips for housekeepers to arrange their papers were all reminders of our brand and intentions. Small gifts like these can work for almost anyone.
- Never pay sales people commission on a deal until the money is cleared and in the bank. This should be any company's standard practice for long-term security.

And finally, if your business culture includes the belief that everyone is rewarded out of the same profit pot, and all the savings add up and impact that profit potential, you'll be amazed at how much more conscientious people are. Get people to treat the business' money as their own and you have cracked it.

