

Financial training For non financial staff



The financial training specialists

It's what we do that costs the money (profit)

I've been working recently with the Managing Director of a small business – he employs about 20 people.

As part of the work we looked through the list of overheads in his accounts over the last few years. Again and again he'd look at one area and ask "Why do we spend that much on..." After a while he made the connection that it's what they did that costs money.

Printing and copying was one area where costs had gone up massively. A bit of research showed that the photocopier was set to colour default, even though almost everything was black and white. Changing the default reduced costs massively.

Another area was postage. Everything went out first class, changing it to second class reduced costs by 30%.

He was paying a Search Engine Optimisation consultancy £700 a month for their services, and was getting nothing out of it. Some casting around replaced this consultancy with someone charging £95/month, and doing a lot more for the money.

"Why didn't my accountant tell me all this?" he asked.

But that's the problem with financial information. We regard it as just that: financial information. It's actually a mirror on the workings of the whole business.

So, as your call to action, look at what you spend in your business, your cost centre, or your project. Then make the link to what you are doing that drives that expenditure.

What can you do differently, and what effect will that have on your costs?