

## *Financial training For non financial staff*



*The financial training specialists*

### **The 1% challenge (Profit)**

When I was much younger, I ran a half marathon, and finished in 1 hour 37 minutes - to the surprise of the other members of my student household, who were all slower than me! Whilst I couldn't hope to equal that time now (it was 35 years ago), had I kept running then, I could have reduced the time.

Reducing it by 1% (about a minute) would have been achievable.

At work, we should be able to make a 1% difference. But the problem is, 1% is so little, it won't make any difference.

It might not make much difference to our costs, but it can make quite a difference to our profit.

I was working with a client this week, with sales of about £200m, costs of £183m, and £17m profit.

Reducing costs by 1% (£1.8m) would have increased profit by nearly £2m - which is 10% more profit!

So 1% cost reduction is 10% more profit in their case. Now *that's* worth having!

But how can we reduce costs by 1%? Here's some ideas.

Look at your objectives, and look at what you do. What are the things that you do, that don't help

- meet your objectives (there will be some!). Do you need to do them?
- What things that you do are "nice to have", rather than "have to have"?
- If you use expensive contractors or agency staff, what's your strategy for stopping needing them?
- -Which resources can you buy more cheaply without minding the difference in quality?