



Some ideas when you need to cut costs and reduce waste.

PAYROLL

Payroll is generally the largest portion of overhead for a business. Reducing a single resource can remove some significant pressure off profits due to a reducing revenue stream, particularly if you are a small enterprise.

Review the tasks your admin are undertaking.

- Can jobs/tasks be consolidated to a single resource.
- Are all tasks necessary and do they provide value to the operation.
- Use technology to streamline – voice prompts rather than receptionist.
- Remove paper from the operation – can it be automated via mobile solutions.
- Can a resource be part time/casual rather than full time on payroll. Flex with workload.
- Rehire more suitable employee rather than maintaining 2 less outcome driven workers.
- Consolidate training days to reduce travel / time costs.
- Not replacing workers who have left encourages remaining staff to be more efficient.
- Can each office worker work small overtime to reduce one full time worker.
- Terminate underperformers. Unfortunate but necessary.
- Supervisors roles should be encouraging workforce and addressing exceptions to the norm, but sometimes they need to be operational as well. It's all about contribution and value to the business.
- Have some jobs simply become redundant.
- Have employees take accrued leave.
- Establish a reduced or freeze package for salary staff to meet budget requirements. Beware IR issues here.
- Remember to claim Job Keeper for eligible employees too!

PURCHASING

Look at all your current supplier arrangements and determine their real need.

- Reducing the number of suppliers means less data processing.
- Do you get discounted pricing based on volume.
- Are you being charged freight costs.
- How do you track returns for credits. Is there restocking fees.
- Do your site guys over-order.
- Can you purchase from other suppliers – eg shop around for best deals.
- Insurances
 - It may be a good idea to shop different brokers for your insurance business.
 - Make sure your revenue forecasting is on the lower side to reduce premiums for Contract Works.
(With some contract works policies you can receive a prior year premium adjustment based on revenue)
- Review your fuel card arrangements. Do you need to cap employee fuel costs. Are employees using company fuel while on holidays and weekends for private use.
- Purchase materials at the beginning of the month if you have 30 day EOM payment terms.
- Photocopier costs can be large. Does everyone print in colour when its printed for internal use only.
- Negotiate HP / lease photocopier / printer machines.



COMMUNICATIONS

What are your current telephone deals?

- Carriers are always after new customers and existing carriers are keen to keep you.
- Do you need all those land lines into the business.
- What are your arrangements with site workers mobiles. Can you get them onto corporate plans to share data etc.

IT ARRANGEMENTS

- Are their regular costs like virus protection, VPN, network admin that is being covered by another arrangement or costs have crept up over time.
- Are you paying for multiple cloud storage. Use just one of them!
- Are you receiving value from your current IT / hardware technicians.
- Do you have your project related documents in the cloud so site workers have access to job related documents.
- Do you automate admin processes eg Utilisation of integrations between software packages, that is, do you automate supplier invoice uploads into your accounts package, do you use mobile apps to automate data entry into spreadsheet from sites,

FACILITY COSTS

- Are you paying a premium for your office facilities.
- Can you make reduced or delayed rental arrangements with your landlord.
- Do you need cleaners through the office every week.
- Do you need industrial bin empties every week or bi-monthly.
- Are you wasting electricity. Eg Security lights on all night, lights left on in vacant rooms.
- Speak with your electricity provider as they may be open to more favourable rates.
- Can you rent out your car spaces to increase revenue.

PLANT AND EQUIPMENT

Utilisation is the key. If the 'wheels aren't turning' they aren't generating revenue.

- Identify redundant machinery and offload or negotiate better terms with the financier.
- Can you work 3 x 8 hr shifts on 1 plant item, rather than have 3 plant items on single shifts.
- Are you over maintaining P & E. Can you cut back or reduce the type of maintenance.
- Do manager and executives really need company vehicles. Everyone needs to take it for the team.
- Can you de-register or cancel insurance on plant that is parked.
- Can you effectively hibernate plant until it is required.

OPERATIONS

Operations is a whole separate analysis and specialised with each trade. However, here are some macro points to consider:

- Are works being achieved in accordance with time constraints. What measurements tell you how its going.
- Is productivity commensurate with the installation timeframes. Eg budgeted time to do the job. How do you know.
- What may be delaying the works:
 - Builder or previous trades
 - Lack of transport/people movement to higher floors
 - Poor or untimely placement of materials for installation
 - Late / delayed material deliveries



- Unskilled workers doing tradesman's jobs.
- Not enough physical room to achieve the works
- Rework
- Coming back twice to the same work front
- Would it be cheaper to outsource certain tasks / jobs
- Are jobs duplicated. Eg is the same data entered more than once
- If you have heaps of tools, internally train a worker to test and tag
- Coordinate tool management across sites. Use a tool tracking app (See Forms2Apps)

SOME ADHOCK IDEAS:

- Is your bank charging you fees on your accounts.
- Are there minimum balances required with charges
- Use a debt collection agency for slow paying clients
- Purchase office supplies in bulk for better rates
- Get rid of the coffee pods (50c-\$1 each) and supply instant instead.
- Do you really need back to base alarm systems.
- Do you need as many security patrols.
- Search for a better term deposit facility.
- Consolidate loans.
- Double check your payroll system and payroll manager to ensure workers are not being over paid.
- Are you calculating Payroll Tax correctly for your jurisdiction.
- Are supplier invoices being checked for accuracy – PO's to match invoice.
- Are you billing your clients (claims) correctly. Invoice for works to date.
- Do you front load tenders with margin to ensure your cash flow remains positive.
- Do you provide the correct notification to the builder for claiming PC.
- Do you meet time bars on notifying in accordance with the contract eg Delays, Variations.
- Silly statement I know, however are you claiming agreed margin on your variations.
- Do you read your contracts to ensure you don't get stitched up (see Safety In Industry for contract scrutinisation).
- Who is ensuring payment from debtors is tracked and followed up.
- Do you receive payment schedules and who is following these up with clients.
- Are apprentices utilised properly.
- Are all your workers productive and producing.
- Is there a serial 'driver' in your business. Always checking jobs and on the road producing zilch.
- Can you consolidate project oversight to a reduced number of supervisors or to just one.

If you have read this far, you are pretty serious about trimming costs and making your business more efficient.

Why not call me on 0458 797 836 for a FREE consult and discover how we can transform your business.