

Title:

How To Cut Your Business Expenses

Word Count:

413

Summary:

There are many specific ways to reduce your business expenses. This one is a simple exercise you can do today - one that could save you thousands of dollars.

Keywords:

business expenses, ways to save money, business

Article Body:

I learned about business expenses at one of my first jobs. It was in a fast food restaurant, working as an assistant manager I was responsible for placing the orders for food and supplies. I noticed how many thousands of dollars we spent on ketchup, mayonnaise and other sauce packets. Then I watched for a while, to see how many the employees were handing out at the drive-through window.

Pretty quickly, I realized that many of the employees were putting a handful of packets in the bag for customers - before even asking if they wanted any. It was time for a new policy, I decided. I informed all the employees that they were to ask the customers if they wanted ketchup, mustard or any other sauce packets. Then they were to either ask how many they wanted, or let the customer see them putting just a few in the bag, so the customer could ask for more if they wanted more.

The customers were happy, and fewer packets went out that window. How many fewer? I don't remember exactly. What I do remember, is that after tracking our subsequent use of sauce packets, I discovered that the new policy was saving the restaurant about \$2,000 per year. I later found a way to rework the schedule to save \$15,000 annually on labor costs, while providing better customer service. These business expenses add up.

It's important to note that money saved is often pure profit. The owners made \$15,000 more profit when my new way of scheduling saved them \$15,000 in labor costs. To increase profits \$15,000 from new sales, they would have needed \$60,000 more in sales (after costs, profits are only 25% of sales in this particular business). In other words, finding ways to save money can be a powerful way to increase your profits.

One Way To Reduce Your Business Expenses

Of all the ways to save money, the first thing to try is to simply list everything that your business spends money on. Include even the toilet paper in your public restroom if you have one. Include everything. Now take each item and consider any possible ways you can spend less on it.

Write down the workable ideas and act on them. This is such a simple idea, but how often have you done it? If you have ever done this simple exercise even once in the history of your business, you are probably doing better than most business owners in controlling your business expenses.