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WAYS TO CUT COSTS



HELP YOUR BUSINESS BECOME HEALTHIER — BY SHEDDING EXCESS EXPENSES. HERE'S YOUR FITNESS PLAN FOR 2008.

BY KEVIN FRITZ



IN LESS THAN two months, it will all be over. The holiday hoopla is about to go into high gear, culminating with the clink of champagne glasses at the appointed midnight.

Yet, when you bellow out those famous three words that usher in 2008, will your business be in shape for the new year? Will you be starting the year as a leaner, meaner fighting machine?

We all know that the secret to business fitness is to plan ahead. So, now is the time to take a good, long look at your business practices and make some decisions on ways to trim some fat.

According to Entrepreneur.com, the rising cost of energy is the No. 1 issue small businesses should address for the upcoming year. Business leaders from a cross-section of Central Florida concur that most businesses are liable to be throwing money away by not being energy efficient. In addition to conserving energy, however, local leaders cite many other ways small businesses can slash expenses, ranging from going global to reevaluating cell phone plans — and everything in between.

The following tips — simple and typically painless — have been assembled, by category, to help you address waste you may be harboring, so you can turn that money into profit, where it belongs.

DAILY BUSINESS

1 Shop online. Avoid buying only name-brand items in small quantities at retail stores. Instead, use the Internet. There, superstores like Office Depot, Staples and OfficeMax offer store brands at reduced prices. And when you establish an online account, they'll often send coupons worth \$10 or \$20 off orders of \$100 or more.



2 Save on paper. A good example of this is printing on both sides of paper, saving paper expense. Also, use recycled paper in the fax machine, where again, both sides of the paper can be used.

3 Cut out "snail mail." E-mail or fax your customers and vendors when possible, saving on postage and handling. You also are creating an electronic record, enabling you to confirm receipt at no additional costs.



4 Conserve the copier. Don't photocopy high-volume items that you can print for less. Copies typically cost 5 to 15 cents each, even if you do them yourself, including paper, toner or ink, labor and maintenance.

Printing can reduce costs to 3 cents or less. The biggest-cost items are forms, fliers and form letters that you think you use in small quantities. But if you photocopy a few dozen per week, that can represent thousands of dollars per year.

5 Monitor shrinkage. Employers lose quite a bit of money when supplies are "borrowed" from the office. Create or boost security to curtail or eliminate the problem. The little stuff adds up.

6 Read the fine print. Review all contracts, especially regarding routine maintenance or service agreements. Look for adjustments that continue to give you protection but better fit your current financial situation.

7 Batch it. Do as many tasks in batches as possible. A few moments of planning your pick-ups and drop-offs will make your customer route or office errands more efficient. Consolidate your distribution routes.

8 Steamline express shipments. Re-think express shipments scheduled for next-morning delivery. They are costly.

As an alternative, consider next-afternoon or maybe two- or three-day service.



9 Consider flextime. Reduce your facility costs by allowing employees to work from home. With a cell phone and laptop, it's easy and can actually increase productivity.

10 Don't neglect inventory. Think of your inventory as company cash sitting on a shelf or in a warehouse doing nothing. Your costs include storage, insurance and taxes, among others. Keep good records and regularly root out dead items.

11 Think cellular. Take advantage of your cell phone plan. If your company has a cell phone plan, have your employees make long-distance, company-related calls from their company cell phones since all national calls will be considered local.



12 Watch your vendors. Review vendor relationships at least annually. These include Internet services, phone, wireless, shipping, legal, printing and other day-to-day expenses. Prices and package deals change, and you may be overpaying.

BEING GREEN

13 Moderate the temperature. Ensure that the office HVAC system (heating, ventilation and air conditioning) is working efficiently. In many instances, 50 to 60 percent of a company's expenses are related to energy.



14 Replace and adjust. Replacing burned-out light bulbs with energy-efficient bulbs and raising your thermostat a couple of degrees can cut your energy bills.

15 Create useful ambience. Use ceiling fans, fluorescent bulbs and window films to improve long-term efficiency and comfort.

16 Employ technology. Light rooms more efficiently by replacing light switches with occupancy sensors. You can save up to 28 percent annually on your total electricity bill, assuming 40 percent of your expenses are related to your electric bill. (These are becoming quite popular at newer hotels.)

17 Carpool. Save on fuel costs and ease traffic. Enough said.

18 Chill out. Turn your water heater to a lower temperature.

THE EXPERTS

- ▶ Lonnie Bell, African American Chamber of Commerce of Central Florida, www.blackcommerce.org
- ▶ Jerry Ross, Disney Entrepreneur Center, www.floridanec.org
- ▶ John David, Florida First Capital Financial Corp., www.ffcfc.com
- ▶ José David Alvarez, Hispanic Business Initiative Fund of Greater Orlando Inc., www.hbiforl.org
- ▶ Andrew Davis, Minority/Women Business Enterprise Alliance, www.allianceflorida.com
- ▶ Tom Kruzcek, Rollins College Entrepreneurship Center, www.rollins.edu/entrepreneurship
- ▶ Skip Honigstein, SCORE, Counselors to America's Small Business, www.score.org
- ▶ Kellie Snaith, University of Central Florida Small Business Development Center, www.bus.ucf.edu/sbdc

COVER STORY

TAPPING RESOURCES

19 Go global. We've all heard that we're supposed to expand globally to compete in today's business world. The truth is, it can cut

costs, too. Products can often be brought in more cheaply from overseas. And if you're interested in exporting, look into a federal government program called "Gold Key."

20 Use what's available. Most local libraries, organizations and government agencies offer free training courses, databases and event research studies that otherwise may be costly.

21 Talk to your employees. They probably know better than you where waste is occurring. Give bonuses to those who offer the most productive cost-cutting tips.

22 Help your accountant. By providing your accountant with organized paperwork, receipts and other required documents, you can decrease the amount of time he or she will have to work preparing your taxes, reducing the amount of billing hours.

23 Ask around. Fully utilize the resources that surround you. Sometimes this includes support or advice from your family and friends, or it might be valuable insight on purchasing from your suppliers. Clients also provide a good perspective on better ways to provide service that can save you time or money.

24 Don't dictate. Communicate with employees about the need to cut costs and engage them in the process. It is better to solicit help than dictate a change without the proper setup.

25 Be selective. Select competent professionals to oversee your business. Using a CPA, attorney and bookkeeper, for example, will cost you less in the long run than trying to do their functions yourself.

26 Don't become complacent. Continually search for business relationships to improve your performance internally and with your customers. That search should be ongoing and inclusive. Complacency is deadly in business. Avoid getting so comfortable that you fail to push for financial and performance improvements.



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27 **Buy, don't rent.** Yes, it's a great time to buy. A little-known U.S. Small Business Administration program, called the 504 small business loan, is an excellent way for a small business to obtain financing to buy real estate and get out of the nonequity rental cycle. The program offers terms as low as 10 percent down for 20 years, as well as lending rates below prime.



28 **Budget, budget, budget.** If you don't have a budget, create one. This will eliminate any random, unnecessary spending. If you have a budget, take a closer look and then an even closer look to reduce spending.

29 **Bank wisely.** Use banks that pay interest. Money can add up on checking account deposits. Also, remember to keep business and personal accounts separate.

30 **Ship efficiently.** If practical, consider taking your trucks off the road. The costs of vehicle payments, labor, gas, maintenance and insurance are substantial. Ship your orders instead, and consider offering free shipping with orders over a certain value.

31 **Shop around.** Buying employee health insurance, for one, demands evaluation. Research now; buy later.

32 **Be patient.** Where practical, wait for sales when buying items for both home and office.



33 **Scrutinize expenses.** Review variable costs with a great deal of detail. Ask yourself if you are you receiving value for these costs, and if they are for comforts or necessities.



34 **Limit nonessentials.** Focus on items that will bring in revenue and rethink other items or projects. So, perhaps painting your office isn't that important and can be put off for a year.

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