

Cost Management not just Cost-cutting

Cost-cutting is certainly important, indeed essential in every business, but how do you go about it and how can you ensure that your costs, once cut, stay low. The answer is focus, and, as always in business, focus is a management issue. Who is responsible? Who is accountable for reducing your costs and keeping them low? If you're a manufacturer, you can look to the Operations Director, if you're a retailer, you can expect your Procurement team to be getting the best possible deals from your suppliers. These are examples of your core "production costs" – the money you spend to acquire or produce the goods or services that you sell. What about the costs of just keeping the business running, keeping the lights on, maintaining the office at the minimum temperature, your telephone costs, your IT, printing, stationery.... The list goes on. Every business, every enterprise spends money just on essential business services. Do you have the same management focus on these that you devote to your production costs?

Very few small to medium sized businesses have the resource to focus on these. You may negotiate a good deal – but is it the best, in a complex, volatile marketplace? Having got the deal, do you have the resource to continue to focus on it, ensuring that it remains competitive? Does the three-year deal you signed in July still look good today? Who is really responsible and, more importantly, accountable for answering these questions, for maintaining that focus?

Let's assume you got a good deal, what about the hidden costs of dealing with the supplier? Is he easy to deal with or does it take up a significant portion of your time just to deal with his Customer Service department? Do you have that time – if you don't have the time and you have to rely on the supplier's Customer Service department (and perhaps it's not that impressive), can you be sure that your invoices are correct or that you are continuing to get the best deal from that supplier?

Meanwhile, please be aware that Auditel specialises in providing your business, charity, school or other enterprise with the necessary focus on costs. If you would like to discuss how outsourcing to us can provide you with a new management resource working on your essential business costs, please get in touch. We don't just cut your costs once, we ensure we maintain the service level and we manage your costs down on a continuing basis.

If you would like to discuss your cost management concerns and understand how Auditel's self-funded service can help your business, please contact me. My details follow.

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