

Client: Hamilton Bradshaw
Source: Evening Standard (Main)
Date: 14 July 2014
Page: 44
Reach: 892993
Size: 142cm2
Value: 9421.7



HAMILTON BRADSHAW
Investing in people with passion

How to cut overheads without creating underlying damage



James Caan

Dear James

BUSINESSES need to be lean, but how do you cut costs without compromising quality?

Elena

THIS is a challenging balancing act for an entrepreneur. It is important to keep your business running efficiently – not just for cash flow but also for scalability prospects. The more efficient your business is, the better your chances of scaling. Start

off with the basic operational costs. Things like energy bills are easy to save on. Look at how much it costs

you to produce goods or services, and at the unnecessary costs.

The largest component of most cost bases is the workforce, but this doesn't mean you need to start firing people. Make them more productive. This means motivating them and getting people in areas where they will be more efficient. Restructure teams and give certain people responsibility for making savings.

Speak to your suppliers and see if you negotiate a better rate. Also look

at how quickly money is coming into the business. If you are going more than 60 days without getting payments from clients, this simply isn't going to make you lean.

Incentivise existing customers to pay you quicker, and ensure payment terms for future customers are robust. Also make sure your finance team is given specific targets on a weekly or monthly basis.

Upselling is a great way to improve efficiency. You can do this by

examining your clients' habits through good customer relationship management software, and by training your staff to upsell. This may be slightly costly but it will make a huge difference in the long run.

■ *For more tips and advice, download James Caan's free Business Secrets app on iTunes and Android*