

## Cost-Cutting Ideas!

**A careful review of your costs should reveal many opportunities for savings.**

Saving money by cutting costs is simply good business. When budgeting for the future, the thrifty owner-manager may want to consider the following ideas.



### Staff Costs

- ✓ **Review the employee medical benefit package:** Can deductibles be raised and luxury benefits such as massage therapy eliminated? Get new quotes. Ask employees whether they are willing to supplement medical coverage with payroll deductions for extended coverage.
- ✓ **Review employee hours:** Check the overtime hours for any seasonal or other pattern that would permit the use of less expensive temporary or contract workers.
- ✓ **Consider the possibility of outsourcing sales:** Independent sales representatives may be willing to work on straight commission without the salaries and benefits now attached to regular employees.
- ✓ **Consider hiring local college or university students:** Part-time employment of students could cut costs *and* your company could benefit from their experience with new technology. You will also get the opportunity to evaluate well-educated potential employees. These students may also teach you that you are paying too much for the level of skills and experience required for certain jobs. They may also qualify for employment-related tax credits.

### Weather

Use the free weather app. Knowing the weather conditions can save thousands of dollars in scheduling employees for travel to projects, getting equipment to high ground or moving essential material or equipment to job sites during breaks in the weather.

### Payments

Use an electronic transfer facility to make recurring payments instead of using cheques. Although it may not be possible to pay all suppliers this way, there are many recurring payments, such as utility and telephone bills and payroll, that can easily be set up for electronic transfers.

Pay by email those suppliers that cannot be set up for direct electronic transfer.

### Suppliers

Approach suppliers to negotiate better prices. Since no one willingly reduces prices, be reasonable in your expectations. A supplier may be willing to provide a 2% or 3% discount to keep a good client happy.

However, you may lose a good supplier if your demands are unreasonable.

### Energy

Sometimes you need to spend a little to save more. Reduce energy costs. Cutting energy costs must engage every member of your staff and management. Here are a few ideas:

- ✓ Review current energy usage.
- ✓ Find the areas in your business that are consuming the most energy.
- ✓ Examine these areas to see what savings are possible.
- ✓ Purchase new, energy-efficient equipment where needed.
- ✓ Schedule regular maintenance for all equipment.
- ✓ Install occupancy-sensors (also known as motion sensors) for the lighting system where possible. By detecting movement, these sensors turn the lights off when no one is in the area.
- ✓ Install photoelectric sensors for automatic door systems to reduce the loss of heated or air-conditioned air.
- ✓ Install timers on heating and air conditioning systems to reduce heating or cooling by a couple of degrees at the end of each day and return to operating temperature before the start of work the next morning.
- ✓ Find out the peak-hour cost of electricity in your area. Determine whether shifting production to off hours is economical after taking into account the cost of staffing or additional lighting required for night shifts.
- ✓ Consider the R-value of your glass windows and wall insulation. The R-value of large glass areas could be enhanced with thermal drapes to keep sunlight out in the summer and heat in during the winter.

### Examine All Operations

There are many areas within business operations where costs can be saved. To achieve maximum cost reduction it is necessary to evaluate all areas of business operations. Examining, recording and monitoring consumption and associated costs will provide either a feeling of a job well done or the realization that more needs to be done to achieve cost savings.

## *This and That*

### *Congratulations to the winners of our 2014 Personal Tax Draw!*

- \* **Pierre Auger** - \$300 gift certificate to the Wakefield Mill Inn
- \* **Scott Ritchie** - \$100 gift certificate to KitchenVirtue.com
- \* **Ronald Brewer** - \$100 gift certificate to The Brig British Pub
- \* **Joy Overtveld** - \$75 gift certificate to Blumenstudio
- \* **Leslie Anderson** - \$50 gift certificate to Warm Wishes Cards & Gifts
- \* **Dianne Baird** - \$50 gift certificate to Culinary Conspiracy
- \* **Donald Prefontaine** - \$50 gift certificate to Stubbe Chocolates.
- \* **Rick Baker** - \$25 gift certificate to Raw Sugar Café
- \* **Alice Chiykowski** - \$25 gift certificate to Tim Horton's

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105-6 Gurdwara Road

Tel: (613) 228-8282

Email: [office@logankatz.com](mailto:office@logankatz.com)

[www.logankatz.com](http://www.logankatz.com)

Fax: (613) 228-8284