

Cost control takes a total team effort

“That’s just the cost of doing business.” You’ve probably heard this expression many times. It’s true that, to invoke another cliché, you’ve got to spend money to make money. But that doesn’t mean you have to take rising operational costs sitting down. Cost control is a formal management technique through which you evaluate your company’s operations and isolate activities costing you too much money. This isn’t something you can do on your own — you’ll need a total team effort from your managers and advisors. Done properly, however, the results can be well worth it.



Asking tough questions

While performing a systematic review of the operations and resources, cost control will drive you to ask some tough questions. Examples include the following:

- Is the activity in question operating as efficiently as possible?
- Are we paying reasonable prices for supplies or materials while maintaining quality?
- Can we upgrade our technology to minimize labor costs?

A good way to determine whether your company’s expenses are remaining within reason is to compare them to current industry benchmarks.

Working with your team

There’s no way around it — cost-control programs take a lot of hard work. Reducing expenses in a lasting, meaningful way also requires creativity and imagination. It’s one thing to declare, “We must reduce shipping costs by 10%!” Getting it done (and keeping it done) is another matter.

The first thing you’ll need is cooperation from management and staff. Business success is about teamwork; no single owner or manager can do it alone.

In addition, best-in-class companies typically seek help from trusted advisors. An outside expert can analyze your efficiency, including the results of cost-control efforts. This not only brings a new viewpoint to the process, but also provides an objective review of your internal processes. Sometimes it’s difficult to be impartial when you manage a business every single day. Professional analysts can take a broader view of operations, resulting in improved cost-control strategies.

Staying in the game

An effective, ongoing program to assess and contain expenses can help you prevent both gradual and sudden financial losses while staying competitive in your market. For further information about cost control, and customized help succeeding at it, please contact us.