

Getting Your Company Into Shape! (And sustaining it)

Reducing indirect expenses involves a lot more than simply shopping around for the lowest price. While there can be great savings to be found from contacting a provider and asking for a lower rate, that is a short-term solution that can simply go away upon the next round of price increases.

Perhaps an even more effective way of implementing and sustaining cost reductions is by making the reduction systematic. Think about it this way, when someone decides they want to lose weight perhaps the first idea they get is to cut down on the calories. That will certainly have an effect, however, you will consistently have to watch what you eat and make sure you know exactly how many calories you are taking in. While this is one way to lose weight, it isn't very sustainable when you factor in special events, vacations, and other opportunities for eating significantly more. The more systematic way of losing weight is to start leading a more active lifestyle that includes regular exercise and more opportunities to walk and take the stairs throughout the day. As you get into better shape and develop muscles, you begin to burn more calories on a daily basis. Should you skip a few workouts for a vacation and eat more, your body can now sustain your optimal weight and overcome the extra calories. Essentially, your body is now tuned to sustain a healthy and lean figure.

If you think of your company in this way, then it would be more sustainable to change usage, consumption, and purchasing habits of indirect expenses where applicable. The value to your organization of taking on such an activity is that you will create new processes and habits that sustain lower costs well into the future, regardless of what price increases may come. For instance, there are companies that have worked hard to change their paper usage, consumption, and purchasing habits. Digital documents have replaced traditional paper forms, digital cloud space has replaced filing cabinets, and people have simply found new ways to distribute and utilize information without printing it. These changes in processes and habits have provided companies with a sustainable way of maintaining lower paper costs. Should the price of paper rise at any point in time, their exposure will be so minimal they will have no problems overcoming the increase.

With that perspective in mind, it's time to consider how you would begin to undertake such an initiative. This is precisely where an expense reduction consultant can step in and help you find the price savings as well as implement sustainable expense reduction strategies. If you are asking why hire an outside consultant to help you do this instead of simply doing it yourself? Well, for the same reason we hire personal trainers, nutritionists, and lifestyle coaches. We simply can't be objective like they can. The same goes for your company.

Written by: Roger Osorio, Senior Consultant