



Five Ways to Trim Your Overhead Expenses

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One of the biggest opportunities to save money is by taking a look at those recurring, monthly expenses that we all have in our businesses. Because we spend roughly the same amount of money on them month after month, we can save not only for this month but for all future months when we can cut these expenses.

Let's examine five common overhead expenses that may be ripe for cutting in your business.

Communications

Telephone systems, pagers, cell phones, web hosting, and internet connections have all dropped drastically with increased technology and competition. Re-evaluate your needs: do you need all those phone features, can you drop a few lines, and is it necessary to have both a pager and a cell phone?

Ask your existing vendor to re-price your package. You might also be able to save by paying for these features a year in advance; ask your vendor to see if this applies.

Six months ago, I cut my cell bill in half simply by calling the vendor using this approach, and I didn't have to drop any features or time.

More recently, I cut both my phone bill and my web hosting bill in half.

- **Phone.** I signed up for a free incoming fax line at www.efax.com and dropped an entire phone line.
- **Web.** I disabled two websites that weren't paying back and cancelled another one I was using for backup purposes.

Where can you cut back?

Insurance

Workers compensation, health, professional liability, errors and omissions, directors and officers liability, building, auto, and personal umbrella – these are a few of the insurance needs you and your business may have.

Ask your agent if you are over or under covered. If you have multiple agents covering multiple policies, are there any savings by going to fewer vendors or combining policies? You might be able to change dollar limits or increase your deductible, but if you do this, you need to *keep the long term in mind*. There are good reasons to carry adequate insurance. Check with your accounting professional if you're unsure of how to determine how much insurance you need.

Advertising

Instead of spending money on costly advertising, try two other things first:

- Leveraging your customer or client base for referrals.
- Public relations exposure.

Ask your customers or clients directly for referrals. I know most of us are shy about doing this, but try it anyway. Offer some kind of bonus, such as a gift certificate or an hour free of work for each new referral who becomes a client.

To get publicity, send out press releases on some of the latest tax changes, IRS tips, or organizational ideas to local newspapers, news stations, and radio. Do some research on what shows would cover tips on your topic and make sure the host knows you are an expert on the topic. Being mentioned in an article or on the news will build credibility, exposure, and will add content for your prospect kit that you mail to potential clients.

If you do need to advertise, be sure to spend the money on media that brings the biggest return.

Office Supplies, Printing, and Postage

The office supply closet seems to be one of those black holes in many companies; supplies disappear so fast you wonder what happened. One of the solutions is to digitize as much as possible so that paper, pens, paperclips, and other supplies are needed less often. Create a campaign to help people get used to reviewing documents in the computer without printing. An example message of the campaign would be to use your print preview button every time to help avoid printing mistakes.

When you need to print larger quantities of a document, always print less than what you think you'll need. You'll no doubt find a typo or want to change the wording before the document inventory is used up.

Saving on postage is easy. Just email it instead if you can, and if not, use the two-day or regular post instead of overnight. I have so many things that people elect to overnight to me (simply to impress me, maybe?) that are just not a necessary expense – I know we can save a lot in this area.

Rent and Utilities

The need for office space has changed dramatically in the last ten years. Many of us work at home, telecommute, or have gone green and reduced paperwork so much that we need a lot less space to work. If you have too much office space, you might consider subleasing if your rental contract allows it. If you are leasing, it might be time to consider purchasing a building so that your rental money goes into an asset instead of an expense. You may also be able to relocate to another part of town and save big on rent. In Dallas, some of the retail space is going for a percentage of the sales with no fixed or move-in cost. There may be some real deals in your city if you keep your eyes open.

To save big on utilities, there are many green ideas available such as changing all your light bulbs to CFLs, keeping computers turned off and unplugged (or using an energy saving “smart” power strip) when not in use, and even switching utility vendors to get a better price or go with a greener company. To get employees on board with these changes, put a program in place in the name of saving the earth, and challenge them to see what ideas they can come up with to green up your workplace.

Take a look at these five areas in your own business, and consult with your accounting professional where you have questions. The professionals should be familiar with your business and may have additional ideas to share to help you save on overhead expenses.

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