


## Five tips to slash costs in the new financial year

July 2, 2013

 Read later

Nina Hendy

Cost cutting is high on the agenda for business owners at the moment. Here's five ways to do it.

[Tweet](#) 7 [Recommend](#) 14 [Share](#) 17 [in](#) [Share](#) [Pin it](#) [submit](#)
[Email article](#) [Print](#) [Reprints & permissions](#)


Dean Ramler from furniture business Milan Direct is a master of cost cutting.

Slashing costs is a favourite pastime of business owners as the new financial year rolls around, with most businesses able to reduce costs by about 18 per cent, according to cost cutting firm Expense Reduction Analysts.

Immediate savings are commonly found in electricity, insurance, telecommunications, office supplies and recruitment, ERA general manager Brett Coulston says.

"We've seen businesses use the same freight company for 15 years and due to better technologies, the freight company has managed to reduce its operating costs. And while costs haven't increased, savings haven't been passed onto the customer, either. So the freight company is earning more and widening the gap, and you're paying more than you need to for years on end."

### 1. Make sure everyone wants to save money

Introducing capital expenditure forms can be a great move for a small business. A capital expenditure form that must be signed by the business owner before any purchases over a certain amount are made can limit spending greatly.

Overseeing travel costs is important, as even costs on interstate trips can vary greatly, depending on the time of week you travel.

Founder of natural shaving range Oscar Natural, Oscar de Vries began exporting his products to Europe last year, which means regular travel. But he has found a way to keep costs down.

"I've found that return airfares out of London or Amsterdam can be 30 to 40 per cent cheaper than buying return originating in Australia."

Also, never accept a price increase from suppliers without asking why costs are rising.

### 2. Control the supply chain

Dean Ramler operates in the highly competitive furniture industry, but managed to cut costs by eliminating most of the traditional middle-men in the supply chain. The founder and chief executive of Milan Direct delivers furniture direct from the manufacturing floor to the customer. "As such, we have tight control over all stages of the supply chain. It's also a very efficient way to do business."

Shane and Eugenie Pepper also reassessed the supply chain, negotiating better prices with manufacturers when taking over the family business, Plum baby and children's fashion, two years ago. The business was no longer profitable, so slashing costs was the only way, Shane Pepper says.

"We also negotiated better rates with the freight company and switched many suppliers. We are now profitable and our sales have doubled in the past year," he says.

### 3. Go paperless

There's a whole host of tools, apps and software hitting the market to keep the transition to a paperless business smoother than ever before. The move can also save a business a surprising amount of money.

The owner of national online retailer Cheap Sheds, Krisztian Panczel, says she would never go back after converting to paperless in 2008. Employees aren't required to print documents and everything is done and stored in the cloud.

Panczel says being paperless saves thousands of dollars – but there are other advantages.

"Being a paperless company also improves your standing with customers concerned about the environment. It's a way to connect with them and show that we're also working towards a brighter future. It represents our commitment and caring nature and makes them trust us. This relationship is extremely important in the online world."

### 4. Outsource

Outsourcing back-office processes to the Philippines was the only way to keep moving firm MiniMovers out of financial strife.

The company was struggling after the global financial crisis as people stayed put in growing numbers.

Business founder Mike O'Hagan says big changes were the only way, and set about outsourcing marketing, some general administration and customer service roles to Manila.

"Outsourcing meant we could offer better customer service and improve our marketing plans. By doing this, we restored profit and in turn saved hundreds of jobs here in Australia."

Ramler also outsources any areas that Milan Direct doesn't specialise in.

"We have outsourced warehousing to warehouse specialists, website builds to IT specialists and PR to PR specialists. This ensures we partner with the absolute best in each area at a much lower cost than if we managed this in-house."

### 5. Question everything

Having already organised office space in swanky Darlinghurst, Rohan Gamble was keen to do the office fit-out as cheaply as he could for his business, financial information site, Mozo.

He turned to ebay and used office furniture stores.

"We fitted out Mozo so cheaply that our auditors actually queried the amount. We had a fully furnished office, including the boardroom, for \$1100."

Ask questions of all suppliers, because prices are often set prices based on what the market will pay, as opposed to what a product is actually worth, Coulston says.

"Compare prices across suppliers, and having done your research, tell suppliers that you're reviewing your costs, which have to be reduced. Then prepare to negotiate and comparison shop."