

Cost-Containing Strategies for Keeping Your Business Afloat

Running a tight ship is an important part of keeping your business afloat amidst the tumultuous economic tides of today's business world. Assessing your cost containment strategies now can help sail your business into the future.

Preserving and assuring a vital cash flow is essential to growing your business. The best place to begin is tracking and analysing basic financial data. Be sure you make a point to look at your books on a regular basis or review your statements from your accountant. If you do not understand something or notice an inconsistency, do not hesitate to ask a question. Remember, this is your money. You have every right to know exactly what is happening with your cash flow and your business.

If you need to make some immediate changes to improve your cash flow, consider implementing some of these tips:

- Make any regular payments early if a discount is offered for early payment
- Implement cheque verification/guarantee services or a collection agency to reduce bounced cheque fees
- Buy only used furniture and machinery
- Always avoid impulse buying by waiting three days before acting on any purchases
- Avoid hiring support staff temporarily. Set an example for your staff and do your own phone and paperwork
- Whenever possible, get competing bids for products and services and don't hesitate to negotiate
- Run through your costs and see what can be reduced or eliminated

For long-term containment, consider tracking your costs by work order or job cost. This lets you prepare an income and expense statement for each job rather than losing details in the overall picture. Be sure to audit major operating expenses regularly. Consider working with other shipping, telecommunication and service providers who may offer you a better deal.

For more information on cost containment strategies or if you would like help implementing strategies for your business, please contact the team at CST Nexia, Chartered Accountants on (09) 262 2595 to speak with a partner, or email team@cstnexia.co.nz.

Visit us on the net at www.cstnexia.co.nz